

THE OILSEEDS AND VEGETABLE OIL PROJECT

AN OVERVIEW

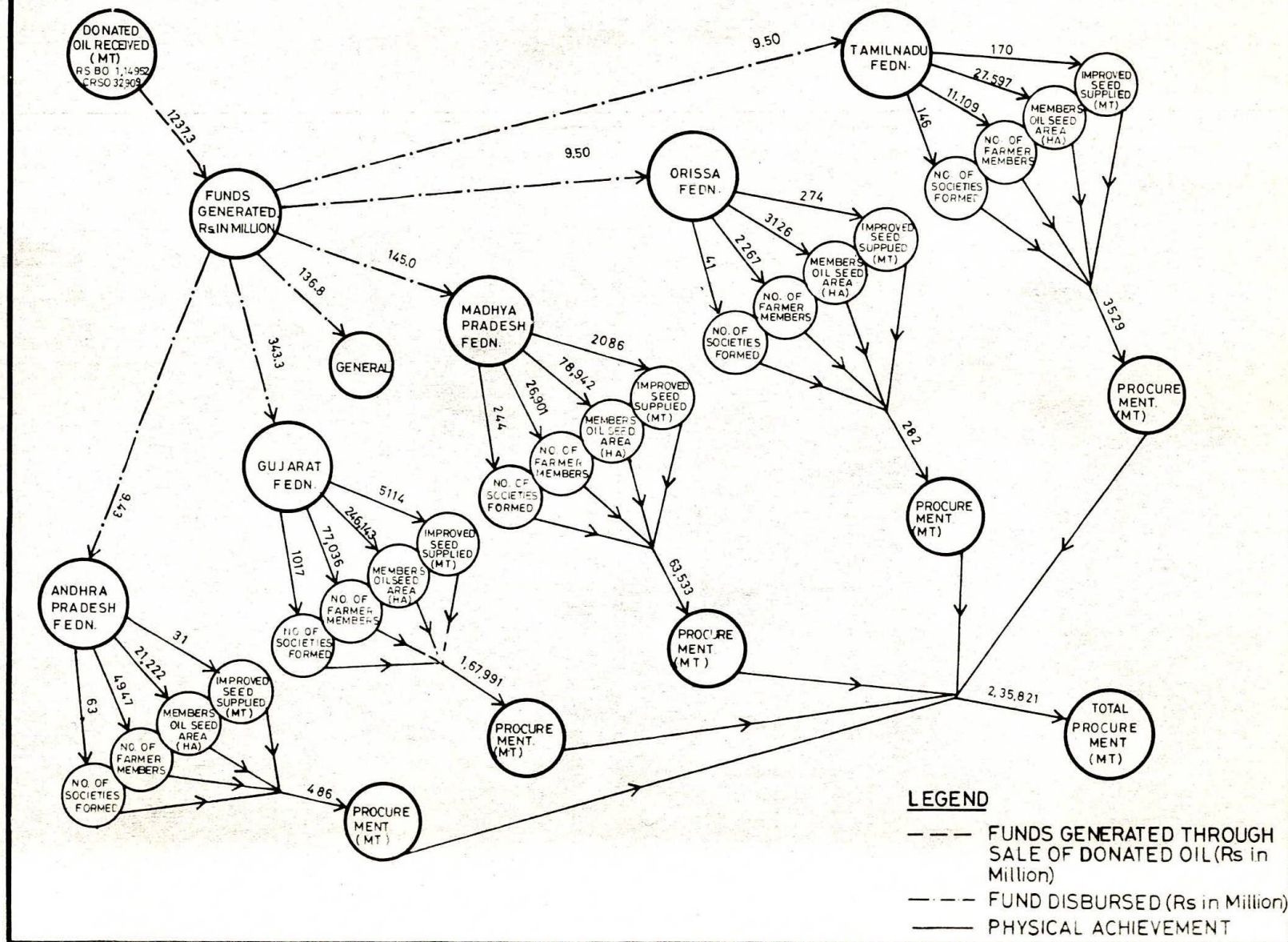
National Dairy Development Board, Anand



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PROJECT PROGRESS - JUNE '79 TO FEBRUARY '84



INTRODUCTION :

The oilseed and vegetable oil sub-sector is of national concern. Oilseed production in India is mainly concentrated in a few states, while vegetable oil is the major cooking medium used by all sections of society, as well as the chief source of fats and oils in the national diet. At present, the per capita consumption of fats and oils in the country is on an average approximately 17 gms daily, about half the nutritional requirement. One-third of the country's inadequate supply of fats and oils comes from milk - but it is recognised that milk-fat is relatively expensive. The remaining 11.5 gms per capita is from vegetable oils (1975 estimates). Therefore, increase in consumption of fats and oils among the broad majority must come from an increased availability of economically produced vegetable oils.

To make this possible, not only must per capita supplies be increased, but also the economy and efficiency of the oilseed and vegetable oil sub-sector must be improved. The improvements required, relate not only to the costs of production, processing and marketing as such, but also to the stability which can be achieved, by balancing supply and demand. Speculation and hoarding, as well as the extreme susceptibility of oilseed production to climatic variation all contribute to the counter-productive instability.

Before the project was evolved, the bulk of the country's vegetable oil production was derived from five major oilseeds, from which 2.5-2.8 million tonnes of oil were extracted annually. Groundnuts are by far the most important of these oilseeds. Some 1.4 - 1.6 million tonnes of groundnut oil were produced annually.

Background for the evolution of the Project

The area cultivated under groundnut has increased slowly and steadily over the last decade while yields have shown an increasing trend also, but with sharp year-to-year fluctuations. The national average yields of groundnuts, for example, vary from 724 kgs. per hectare in 1974-75 to 950 kgs. per hectare in 1975-76. These national averages, moreover, concealed even sharper fluctuations experienced in major production areas. In Gujarat State, for example, the average groundnut yield was 311 kgs. per hectare in 1974-75, compared with 1240 kgs. per hectare in 1975-76.

Such sharp fluctuations in yield reflect the vulnerability of groundnut production to climatic variations - 90% of the nation's groundnuts are produced under rain-fed conditions with no protective irrigation. Poor and/or late monsoon rains cause widespread failure of the crop. Most groundnut is grown on medium-to-poor quality land without access to irrigation by canal or pump (sub-soil water being found only at depths of around 100 mtrs. - and, even then being found to be brackish). In such areas, total operated landholdings are believed to be higher on average than in more fertile areas : operated holdings of 10-20 hectares are believed to be common

(even when land records show such holdings as being shared between several individuals in a joint family). Periodic crop failure has left most oilseed growers with almost no assets on which they can obtain credit. Yet, for example, groundnut production calls for an investment of upto Rs. 2, 000 per hectare, at least half of which has to be paid for in cash. This leaves the growers dependent on local money-lenders, to whom they, in effect, mortgage their crop in order to be able to obtain credit for seed, fertilizer, etc. Many money lenders also engage in speculative purchase of crop and some own local crushing facilities. Producers with large holdings also combine their oilseed production with money lending, speculative purchase etc. This dominant group controls the marketing of groundnut, so that the producer who depends on the traditional structure for credit also has to accept whatever price he is offered for his crop, usually immediately after harvest.

As this dominant group controls the market, it is able to ensure that prices fall sharply during the harvest period. Any stocks remaining from the previous year's harvest are crushed at that time, to ensure a drop in the price of oil which is such as to convince the ordinary, small producer that he must accept a low price for this year's crop. Having purchased the bulk of the crop, the dominant group forces up the oil prices in order to recoup its investment; hence the extreme instability of prices and supplies in the vegetable oil markets. Official controls often tend to further exaggerate these price changes: the retail price of groundnut oil, for example, sometimes rises in deficit areas to 2-3 times the price prevailing in production areas.

The depressed and exploited state of the ordinary grower - and the hardship caused to ordinary consumers who are largely dependent on vegetable oil as their cooking medium - caused great concern to the Government of India when shortages (believed to be artificial) forced up the price of groundnut oil by 49% in Bombay over a period of twelve months during 1977. The Government of Gujarat also became concerned when local prices of groundnut oil rose sharply, despite the fact that the harvest was believed to have been good. The Government of India and the Government of Gujarat consequently approached the Project Authority responsible for Operation Flood (the country's largest dairy-development project) with the suggestion that the techniques of co-operative organisation and marketing, employed in Operation Flood, should be applied to the vegetable oil business as well.

The National Dairy Development Board, Anand, has since its inception, been concerned at the effects on dairy development of the malfunctioning of the oilseed and vegetable oil sub-sector.

Since the structure of the oilseeds and vegetable oil sub-sector has ramifications which affect the entire population, a need was felt to restructure and modernise it for implementation on a national basis.

STATUS :

At the instance of the Government of India, the National Dairy Development Board prepared a project proposal in consultation with the, then, Member (Agriculture) Planning Commission. The proposal so prepared by NDDDB and forwarded to the, then, Member (Agriculture) Planning Commission, was discussed at a meeting held on 8-2-1978, and attended among others by the Members of the Ministry of Agriculture, Ministry of Finance, Department of Cooperation and Planning Commission and forwarded to the Government of India for approval. The Government of India conveyed its approval to the project in September, 1978. The project "Restructuring Edible Oils and Oilseed Production and Marketing" is designed to integrate production, procurement, processing and marketing of oilseeds and vegetable oil through a two-tier cooperative structure, consisting of oilseed producers' cooperative societies at the village level and an oilseed growers' cooperative federation at the State level. The major objectives of the project are:

1. To coordinate the modernisation of oilseeds production, oilseed processing and the marketing of vegetable oils and oilseed by-products in areas covered by the project. To this end -
2. To procure and market imported and indigenously produced vegetable oils, in such a way as will contribute to the stabilisation of supplies and prices at levels which will be fair to consumers and growers.
3. To increase the opportunities for productive and remunerative employment in the selected major oilseed growing areas;
4. To generate the funds required for the establishment of a modernised oilseed and vegetable oil industry, based on oilseed growers' cooperatives, which will put the functions of oilseeds processing and marketing into the producers' own hands - and
5. To devise and implement a programme of investment and development which will enable growers to increase their oilseed production and their returns from oilseed production, while also increasing the efficiency of the processing and marketing functions, through the growers' own cooperatives.

The funds required for project investment are generated from the sale of edible oils donated by the Cooperative League of the USA (CLUSA) and the Cooperative Union of Canada (CUC). NDDDB has entered into agreements with CLUSA, as approved by the Government of India, under which it will receive 1,60,000 MT of refined soybean oil as donation from CLUSA. NDDDB has already received 1,14,952 MT of refined soybean oil from CLUSA against the agreement signed with CLUSA in December, 1978. A memorandum of Understanding has also been signed between the Government of Canada and the Government

of India under which the Canadian International Development Agency (CIDA) through the CUC will supply crude rapeseed oil worth Canadian \$ 75 million over the next four-year period, inclusive of the crude rapeseed oil worth C \$ 10 million already received. NDDDB has, so far, received 32,909 MT of crude rapeseed oil worth C \$ 22 million against agreements signed with CUC, each shipment consisting of C \$ 3, 9 and 10 million worth crude rapeseed oil in March 1981, May 1982 and May 1983 respectively.

In the project document "Restructuring Edible Oil and Oilseed Production and Marketing", it was indicated that 1978-79 would be the commencement of the project, after a pre-project year of 1977-78. However, the actual implementation could start only in July 1979 with the arrival of the first shipment of refined soybean oil from CLUSA. The actual start-up year of the project, therefore, is 1979-80 (July to June).

The project implementation schedule was provided in table IV-1 of the project document and was expected to begin in three districts in 1978-79 and in five districts in 1979-80. The following table provides a brief comparison of the actual coverage of the project from 1979-80 to 1983-84 as against the schedule given in the project document.

State	Date of Registration	Project District*	Revenue District	Crop Covered
Gujarat	June 1979	5	Bhavnagar	Groundnut
			Jamnagar	
			Junagadh	Groundnut
			Amreli	
			Mehsana	Mustard Groundnut
			Banaskantha	
			Kheda	
Madhya Pradesh	October 1979	1	Indore	Soybean
			Ujjain	
			Dhar	
			Dewas	
			Shajapur	
			Ratlam	
Tamil Nadu	January 1981	1	North Arcot	Groundnut
			South Arcot	
			Chingleput	
Andhra Pradesh	September 1980	1	Prakasam	Groundnut
			Guntur	
			Krishna	
			Khammam	
			Nalgonda	
			Mahboobnagar	

, State	Date of Registration	Project District*	Revenue District	Crop Covered
Orissa	May 1982	1	Puri Ganjam Cuttack	Groundnut Rapeseed Mustard
Maharashtra	August *** 1983	1	Dhulia Jalgaon Nasik Aurangabad	Groundnut
Karnataka @		1	Bellary Bijapur Dharwad Gulbarga Raichur	Groundnut

* Project district is a contiguous area having 2,50,000 hectares under oilseeds cultivation which need not necessarily confine to one revenue district.

** The Andhra Pradesh Cooperative Oilseeds Growers' Federation Limited was registered in September 1980 but project implementation started only in mid 1983.

*** Project implementation to start

@ The Karnataka Federation is expected to be registered soon.

As per the original project document, the NDDDB Vegetable Oil Project was to be extended only to the major groundnut growing states - viz, Gujarat, Tamil Nadu, Andhra Pradesh, Maharashtra and Karnataka. Half of the project investment was to be made in Gujarat and the remaining in other participating states. Madhya Pradesh has since emerged as the major soybean growing state in the country and when it expressed a keen interest in implementing the project in the state, the Government of India approved the inclusion of Madhya Pradesh under the project in August, 1979. The State Government of Karnataka was initially not keen on implementing the project on cooperative lines and did not accept the NDDDB proposal. Therefore, with the

approval of the Government of India, it was decided in December, 1980 to include Orissa instead of Karnataka as a participating state in the NDDDB project. The Government of Karnataka reconsidered its position and as approved by the Ministry of Agriculture, it was decided in December 1982 to reinclude Karnataka in the project.

The project, therefore, is now being implemented in the selected oilseed growing areas of seven states instead of five as originally proposed. The implementation has already begun in the states of Gujarat, Madhya Pradesh, Tamil Nadu, Andhra Pradesh and Orissa. The implementation in Maharashtra is yet to begin as the State Cooperative Oilseeds Growers' Federation has been registered only in August, 1983. The Karnataka Cooperative Oilseeds Growers' Federation is yet to be registered. Of the eleven project districts to be covered under the project, five are in the State of Gujarat, and one each in the states of Madhya Pradesh, Andhra Pradesh, Tamil Nadu, Orissa, Maharashtra and Karnataka. The State level oilseed growers' cooperative federation is the implementing agency of the project in each participating state and is responsible for achieving the physical and financial targets set by them in consultation with the State Government and reflected in their project documents. NDDDB/OVOW is responsible for providing funds for project implementation and also generation offunds by sale of donated commodities and monitoring of the project. The states of Maharashtra, Orissa and North Gujarat areas of the project are to be funded from the sale of donated crude rapeseed oil received from CUC. The project implementation in the Saurashtra region of Gujarat, Madhya Pradesh, Tamil Nadu, Andhra Pradesh and Karnataka are to be funded out of the sale proceeds of refined soybean oil received from CLUSA.

The project envisages acquisition and renovation of the existing as well as the establishment of new oilseed processing facilities to be owned and operated by the oilseeds growers cooperative federations. A total oilseed crushing capacity of 15.46 lakh MT and solvent extraction capacity of 6.96 lakh MT is to be established under the project. It was estimated that a build up of such oilseed processing facilities will be adequate to enable handling of the volume of the oilseeds procured by the oilseed growers cooperative societies created under the project by the end of the project period.

The Government of India, while conveying its approval to the project called NDDDB to devise and implement a programme of investment and development which will enable the growers to increase oilseed production and their returns from oilseed production, while also increasing the efficiency of the processing and marketing functions through the growers' own cooperatives. In the original project document, the production enhancement strategy called for the setting up of a District Farm of about 300-400 hectares in each district covered under the project and three Area Agronomic Centres of about 500 hectares each. Land for the Area Agronomic Centre and District Farm is to be provided free of cost by the participating state governments. Multiplication of breeder seeds into foundation seeds and localised research is to be carried out at the Area Agronomic Centres. At the District Farms, multiplication

of foundation seeds produced at the Area Agronomic Centres into certified truthfully labelled seeds and extension and training of farmers and federation personnel are to be undertaken. However, the required land for setting up the Area Agronomic Centre has not been made available by most of the participating state governments. With regard to the land for the setting up of district farms in Gujarat, the state government has handed over to the Gujarat Cooperative Oilseeds Growers' Federation (GROFED) a part of the Talaja Farm of about 18 hectares in Bhavnagar district. In Madhya Pradesh also, the state government has made available to the Madhya Pradesh State Cooperative Oilseeds Growers' Federation (OILFED), the Amlaha Farm of about 68.69 hectares in Sehore district. The land area of these farms is far less than the actual requirement and therefore, inadequate to carry out the proposed activities. The federation also undertakes the activities of distribution of technical inputs and agricultural implements and procures oilseeds through village level oilseeds growers' cooperatives. The mobile teams organise village level societies and coordinate and arrange for procurement and movement of oilseeds from village societies.

The project is managed by the Oilseeds and Vegetable Oil Wing (OVOW) of the NDDB which is responsible for promoting and monitoring the project in various participating states. OVOW managed by a Management Committee which has the powers of the Executive Committee of the NDDB, takes policy decisions regarding project management implementation and related matters.

The funds required for project investment are generated from the sale of edible oils donated by the Cooperative League of the USA (CLUSA) and the Cooperative Union of Canada (CUC). As mentioned earlier, out of the total 1,60,000 MT of refined soybean oil donated by CLUSA, to date, 1,14,952 MT of refined soybean oil has been received. NDDB/OVOW has also received 32,909 MT of crude rapeseed oil worth C \$ 22 millions against the various agreements signed with CUC. By the sale of donated vegetable oils it was originally estimated that a sum of Rs. 1500 millions will be generated and be invested over the seven year project period on the various activities of the project.

The Government of India while conveying their approval to the project formed a committee under the Chairmanship of Secretary (Agriculture) with Secretary (Civil Supplies and Co-operation), Government of India and Chairman, NDDB, as its members to sort out any operational problems arising in the context of the implementation of the project. The committee has so far met four times and various issues and problems encountered in the way of the smooth implementation of the project have been discussed.

Targets, both physical and financial, for each state are not specified in the original project document. After the State Government agrees for the extension of the project in selected oilseed growing areas in the state and creates a cooperative federation of oilseeds growers, project implementation plans are prepared.

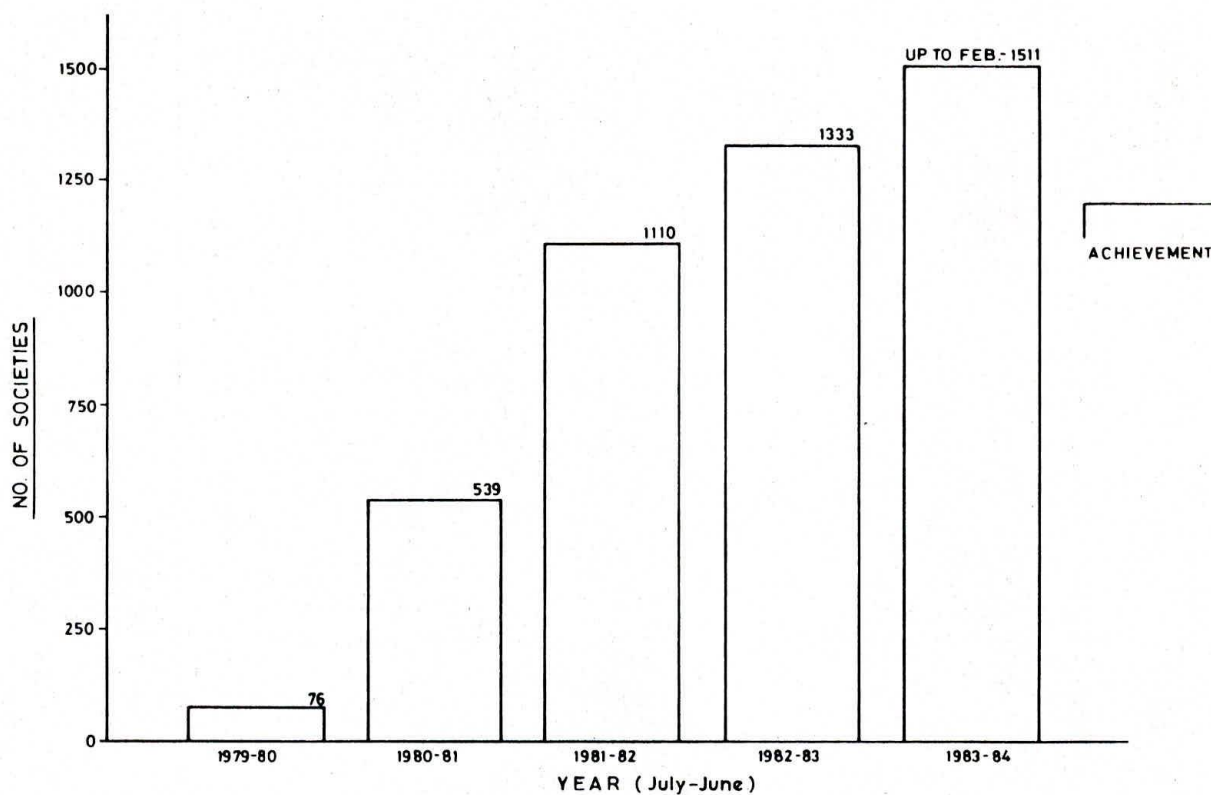
The implementation plans for Gujarat, Madhya Pradesh, Tamil Nadu, Orissa, Andhra Pradesh, Maharashtra and Karnataka have been prepared.

The project has so far been evaluated twice, once in March-April, 1981 and then in May-June, 1983. The first evaluation was carried out by a CLUSA/USAID Project Assessment Team. In their report the team appreciated the efforts undertaken by NDDDB and recommended the continued support from donor agencies to the project. The report of the first evaluation mission was reviewed by the Government of India both in the Ministry of Agriculture and the Planning Commission. The second evaluation as provided in the originally approved project document was a mid-term evaluation of the project conducted by a joint evaluation team consisting of representatives from the USAID, CLUSA, GOI and NDDDB. The report provides a review of the progress achieved under the project and suggests improvements for effective implementation of the project.

ACHIEVEMENTS :

In a short period of time, the project has demonstrated that it is possible to procure the farmers' produce from their doorstep while also making available to them technical inputs for oilseeds production enhancement. The infrastructure created under the project, which no doubt needs to be developed and strengthened further, has proved effective. The processing and marketing activities have helped create an impact where prices of oilseeds paid to the farmers are by and large governed by the prices decided by the Federations. It has certainly happened in the case of Gujarat and Madhya Pradesh and in other States as well to a certain extent. In recognition of this fact, the centrally sponsored oilseed production enhancement programmes in the States of Gujarat and Madhya Pradesh are being implemented in close coordination with the State level oilseeds growers' federations.

COVERAGE OF THE PROJECT - SOCIETIES

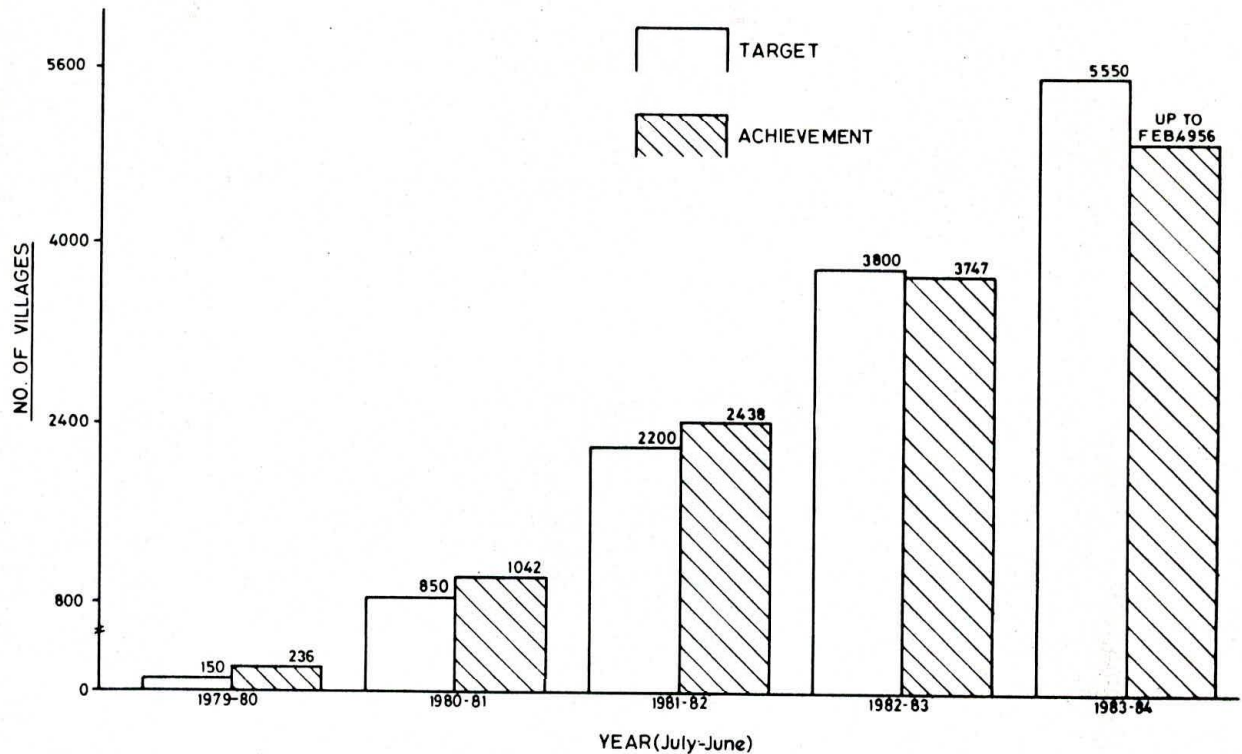


* Targets not specified in the project document

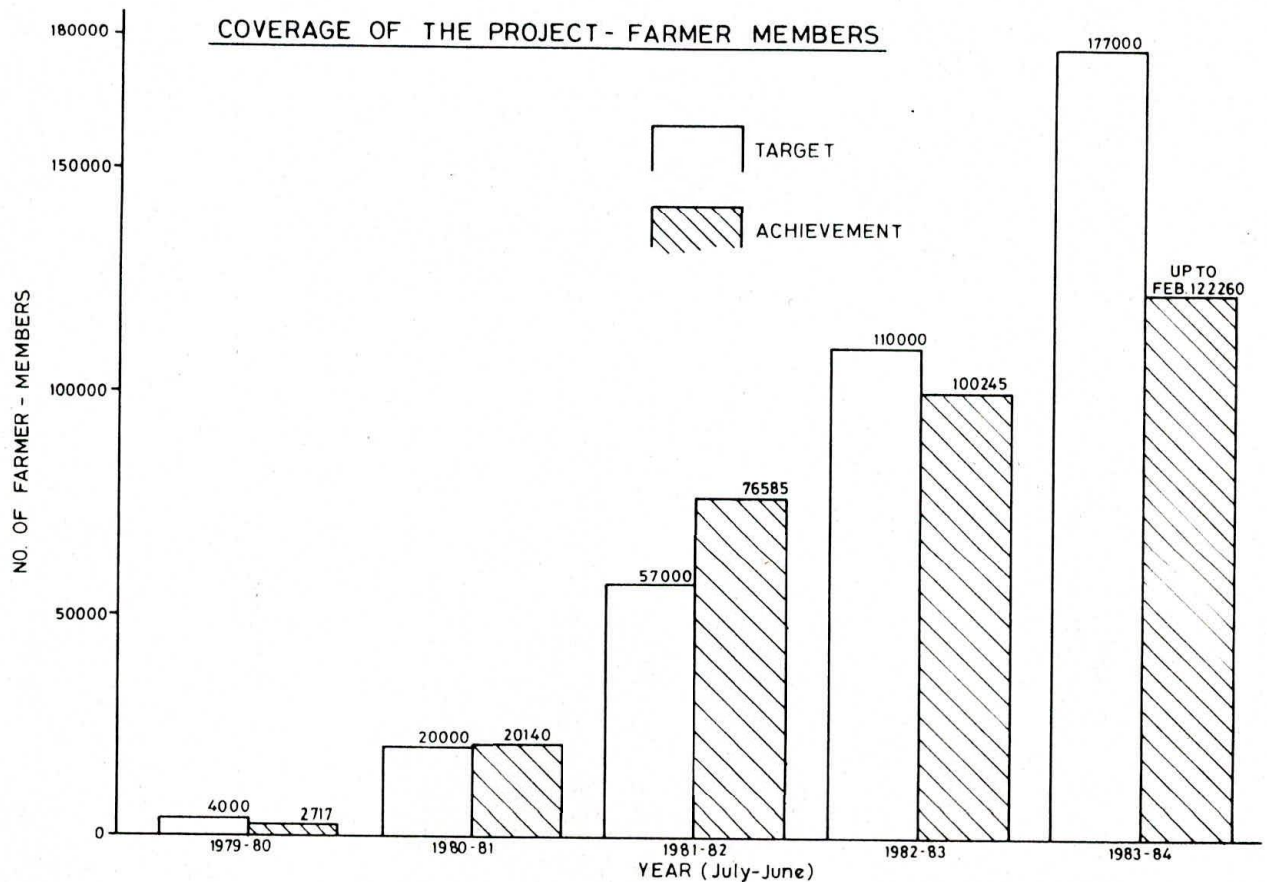
In terms of accomplishments attained under the project till February 29, 1984, 1511 village level oilseed growers' cooperative societies have been organised in 4956 villages with a total membership of 1,22,260 grower members bringing about 377,000 hectares of oilseed cultivation area under the project. The project has made considerable

progress towards the acquisition/creation of oilseed processing facilities, supply of technical inputs and production enhancement and marketing activities in the project areas.

COVERAGE OF THE PROJECT - VILLAGES

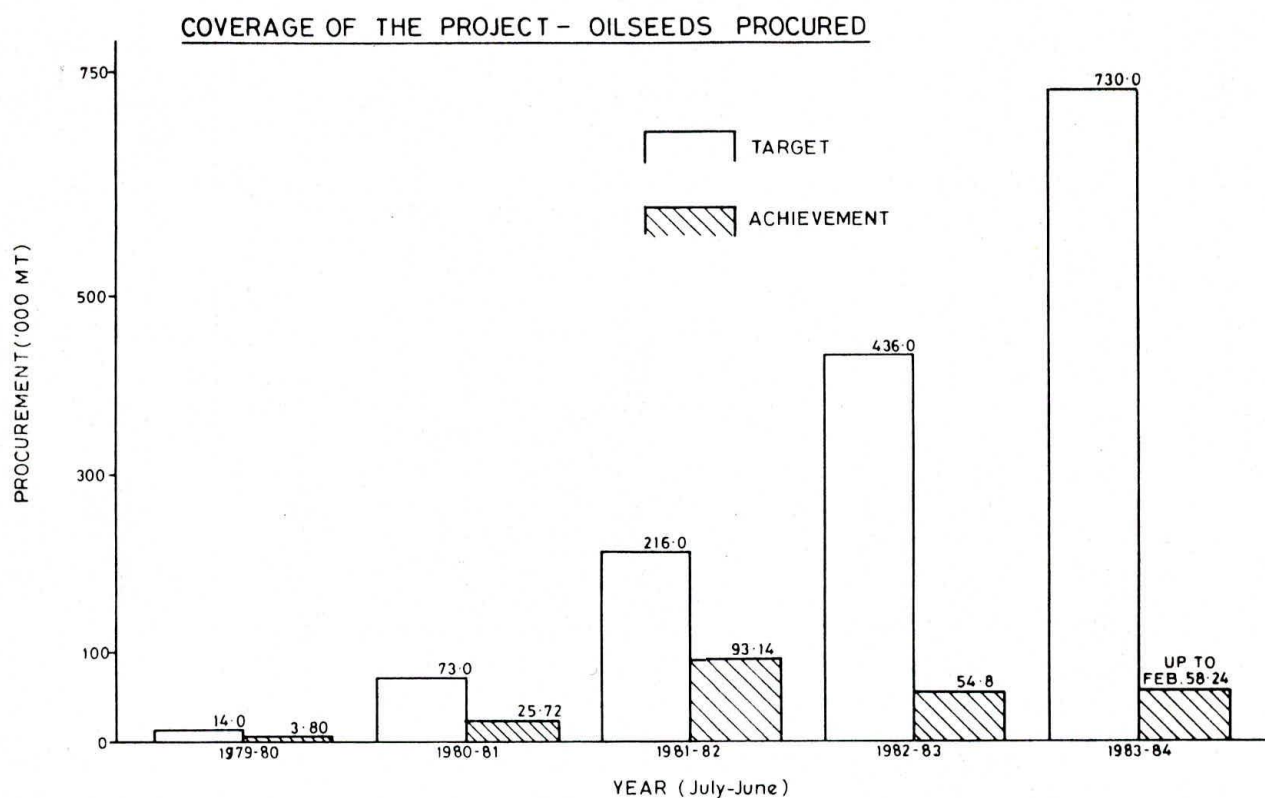


COVERAGE OF THE PROJECT - FARMER MEMBERS



The crushing facilities under the processing capacities have generally been in excess of the targets set upto 1981-82. The targets set for the solvent extraction capacity has also been largely met. The project document did not specify the targets for oilseed storage capacity, packaging, vanaspati manufacturing and oil refining facilities.

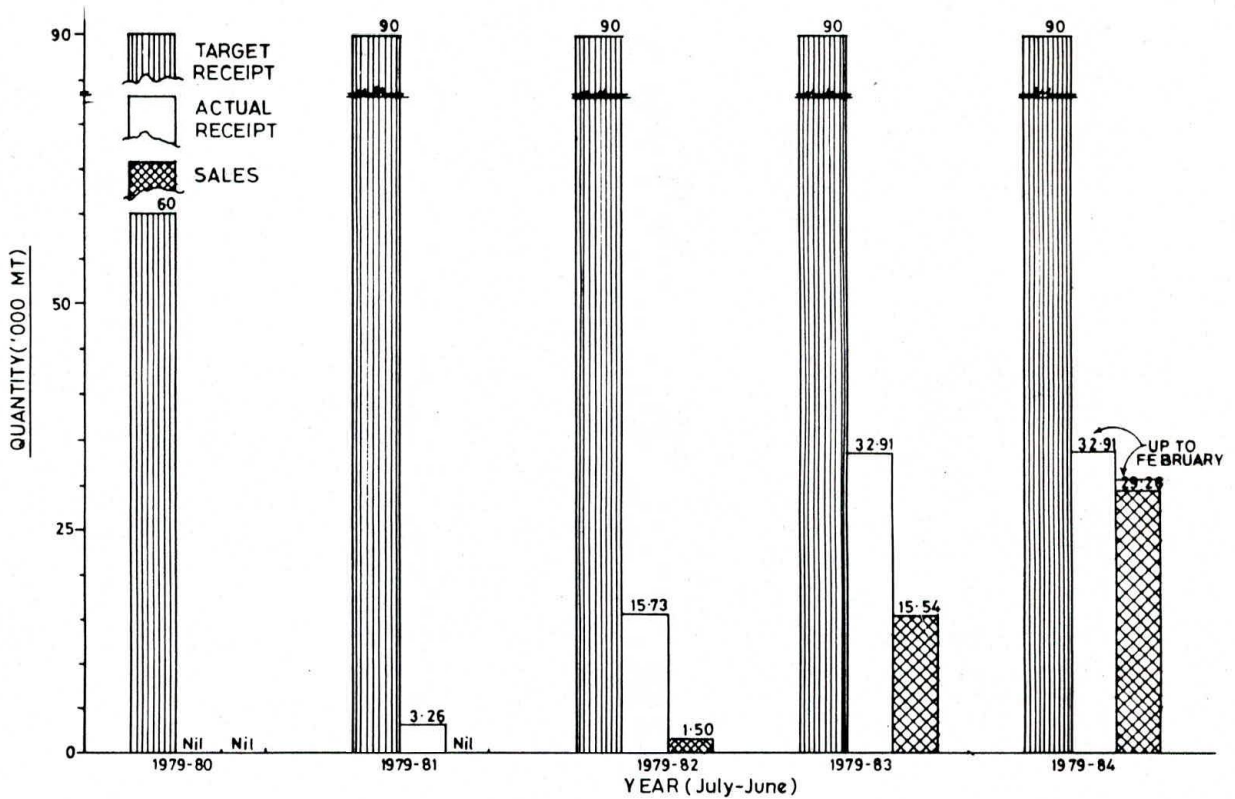
While comparing the targets set for oilseed procurement, as given in the original project document with the actual achievements, it is observed that oilseed procurement has generally been less than the targets set. This is mainly due to the late start-up of the project in the various participating states and adverse climatic factors affecting oilseed production in the areas covered under the project. In view of the fluctuating nature of oilseed production in rain-fed conditions, major emphasis is being given on stabilising oilseed production by adopting a bold procurement strategy, providing price support and by making efforts for the marketing of summer groundnuts.



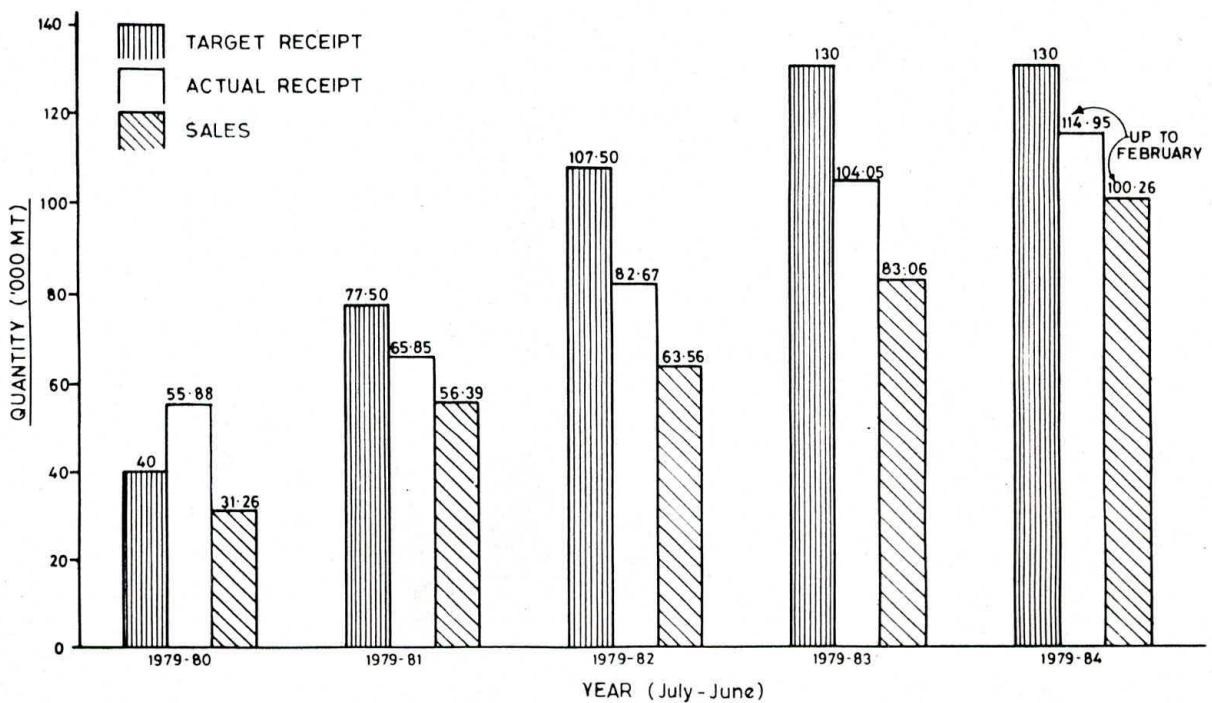
The funds required for project investment are to be generated from the sale of edible oils donated by the Cooperative League of the USA and the Cooperative Union of Canada.

Out of the total, 1,60,000 MT of refined soybean oil to be **donated** by CLUSA, to date, 1,14,952 MT have been received. NDDB has also received crude rapeseed oil worth C \$ 22 millions.

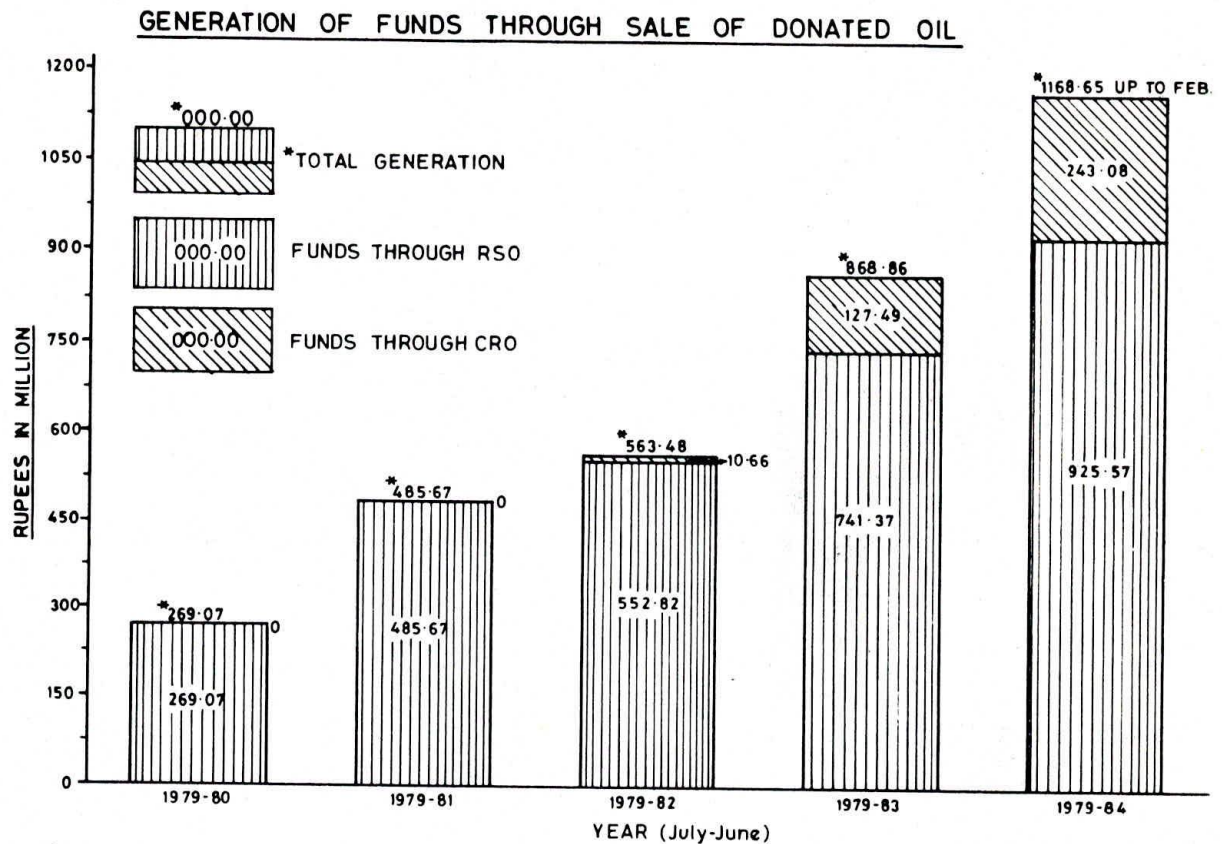
COMMODITY RECEIPTS AND SALES - CRUDE RAPESEED OIL



COMMODITY RECEIPTS AND SALES - REFINED SOYBEAN OIL



The generation of funds from the sale of donated vegetable oils was calculated on the basis of Rs. 6000/- per MT which included Rs. 5500/- per MT as the landed value plus Rs. 500/- per MT as the Indian Contribution to the project.



As the funds generated have been in excess of Rs. 6000/- per MT it is expected that fund generation and investment will be about Rs. 250 crores as against Rs. 150 crores as stated in the project document.

In case of Gujarat and Madhya Pradesh, the project has been operational since mid 1979 and large areas under oilseeds cultivation have been brought under the cooperative ambit. The project is well under progress in the remaining states also. The federations have been undertaking extensive production enhancement activities by supplying technical inputs and agricultural implements to the farmers.

The main objective of the NDDDB Vegetable Oil Project is to provide remunerative prices to the oilseed growers as prices play a key role in acreage allocation decisions of the farmers. The farm prices of groundnut have almost doubled in the project period as compared to the pre-project period. Though the commercial procurement operations of rapeseed-mustard by GCOGF have started only this year, the prices have not come down despite the fact that rapeseed-mustard production is expected to increase to about 3.5 lakh MT this year, compared to 2.1 lakh MT last year. Only a few years ago it was hardly 50,000 MT.

The impact of remunerative prices can also be seen from the fact that groundnut acreages in Gujarat which had remained around 16.7 lakh hectares from 1974-75 to 1976-77 on an average, increased to about 21 lakh hectares in the period 1979-80 to 1982-83. And this year also they are on the same level or higher.

In the States of Andhra Pradesh, Tamil Nadu, Karnataka etc. seasonwise and districtwise groundnut acreages have been found to fluctuate between 20 to 40 per cent as compared to which such variations in Gujarat are hardly 12 per cent in recent years. It is hoped that these fluctuations will reduce with the implementation of the project in these States.

In Gujarat especially, the remunerative prices have not only helped in acreage stabilisation but also encouraged the farmers to invest more in modern inputs and services which have ultimately raised and stabilised yields of groundnut in Gujarat.

This can be seen from the fact that groundnut yield which used to fall as low as 200 to 300 kg/hectare in the past has never gone below 450 kgs in the past 5 years.

This can be seen from the fact that groundnut yield which used to fall as low as 200 to 300 kg/hectare in the past has never gone below 450 kgs in the past 5 years. These acreages and yield stabilisation have raised the annual production level upto 17 - 18 lakh MT as compared to 15 lakh MT previously. Rapeseed-mustard yield in Gujarat is expected to be around 1500 kg/hectare this year as compared to the all-India average of about 600 kg/hectare.

Between 1974-75 and 1981-82 the proportionate share of project States namely Gujarat, Andhra Pradesh, Tamil Nadu and Orissa in the all-India production of groundnut increased from 60% to 70%, while the contribution of the non-project states declined from 40% to 30%.

In case of Madhya Pradesh where attempts to encourage soybean cultivation had failed in the early 1970's, soybean acreages and production have tended to rise significantly since the commencement of the NDDB project in Madhya Pradesh.

A large number of econometric models estimated to explain temporal/spatial price variations lend considerable empirical support to the statement that it is the NDDB project which has helped to avert the price depressing situation at the beginning of the harvest season, thus helping the farmers to realise remunerative prices for their crop. The higher prices at the beginning of the season have thus helped to control the explosive off-season price rises. The coefficient of variations of monthly groundnut oil prices which generally used to remain often between 10% to 19% in the past and sometimes to as high as 38% has remained below 10% in the last four years except in 1981-82 when it was 14%.

The achievement of the objective of price stabilisation is remarkable since the techno-economic feasibility of the NDDB project envisaged a control over 15% of the available supplies to keep edible oil price movements within reasonable limits. It was also envisaged that under the project, edible oil would be imported on commercial basis in the initial period but would become considerably low when the edible oil imports were removed from the OGL list, subsequently.

The success of the project depends not only on the achievements in the direction of extension or production of oilseed but also on how much procurement is made and at what price. From this angle, the APC recommended prices would not be meaningful as they are always lower than the market prices. In order to solve this critical problem attempts are being made to forecast prices through econometric models in such a manner that on the one hand they help procure sufficient quantities and on the other hand help avoid the situation which could jeopardise the existence of the project itself.

The statewide achievements of the project are highlighted below :

Gujarat :

The Gujarat Cooperative Oilseeds Growers' Federation Limited (GROFED) was set up

in June 1979 as the project implementing agency in Gujarat. NDDB has so far supplied 51,470 MT of refined soybean oil to GROFED for marketing in the State.

The organisation of village level societies is being done through mobile teams who motivate farmers through village level meetings, film shows, visits to Anand, where they have an opportunity to see a good cooperative working and also undertake extension activities, following the "training and visit system" using demonstration plots in the villages. At the year end, 35 mobile teams deployed by Area offices were working in the project areas of Bhavnagar, Jamnagar, Junagadh, Amreli, Kheda and Mehsana districts and had organised 1017 village societies in 1338 villages with a total membership of 77,036 farmers.

As many as 6640 village meetings and 225 film shows were organised during the year to educate farmers on cooperatives and improved methods of groundnut cultivation. 527 farmers were trained under the Farmers Induction Programme at Anand apart from 8797 who were trained locally by the Federation.

An 18 hectare farm at Talaja for multiplying foundation seeds for distribution to farmers was made available to the federation by the Government of Gujarat. Grower members also have equal access to technical inputs required to improve groundnut production. During the current agricultural year (1983-84), 2921.756 MT of improved seeds, 1373.201 kgs. of seed treatment chemicals, 26,673.58 litres of insecticides along with 5994.57 MT fertilizers were distributed to grower members. In the current procurement season starting from October 1983, 28,606.06 MT groundnut were procured at an average price of Rs. 4921 per MT.

The project envisages acquisition and renovation of the existing as well as the establishment of new oilseed processing facilities to be owned and operated by the oilseed growers' cooperative federations.

In Gujarat, the project has been operating the Bhavnagar Vegetable Products Unit, Bhavnagar, which has facilities for groundnut crushing, solvent extraction, refining, cottonseed crushing and vanaspati unit, besides facilities for tin manufacturing, HPS sorting etc. This unit will be eventually owned and operated by the Gujarat Cooperative Oilseeds Growers' Federation.

The Federation has also purchased an oilseed processing unit at Jamnagar and a 50 MT/day capacity groundnut crushing mill at Dhasa in Bhavnagar district. The current phase of the renovation of Jamnagar plant continues. The federation has also obtained letters of intent for setting up a 400 MT/day groundnut processing complex at Junagadh and a 200 MT/day mustard/rapeseed processing complex at Jagudan in Mehsana district and a 100 MT/day vanaspati plant. Sites for the proposed plants at Junagadh and Jagudan have been acquired, orders for key equipment placed and the construction work has also commenced.

NDDB/CVOW is also financing through GCOGF the setting up of 100 MT/day cottonseed processing complex at Rajkot (commissioned) and Idar (to be commissioned) and the expansion to 150 MT/day of the existing cottonseed complex at Anand (commissioned).

A soybean preparatory section has also been financed at the ATCO, Anand plant. These three organisations are owned by local cooperatives.

Madhya Pradesh :

The Madhya Pradesh Cooperative Oilseeds Growers' Federation Ltd. (Oil Fed) was formed in October 1979 to implement the NDDB oilseeds project in Madhya Pradesh. Subsequently, the Government of Madhya Pradesh decided to make this federation the implementing agency for all oilseed development activities in the cooperative sector. The federation is also implementing the NCDC financed project in Madhya Pradesh, involving the setting up of four soybean processing plants in various parts of the state. It has been decided that for the NDDB assisted part of the project, a Regional Union would be formed and all assistance would be routed through the union which in turn will be a member of the federation. The regional union was recently registered and its area of operation would spread over the Malwa region of Madhya Pradesh. NDDB has so far supplied about 23,812 MT of refined soybean oil to the federation for marketing in the state.

244 societies with a total membership of 26,901 growers have been formed in 2345 villages. Members have a total cultivable land area of 1,72,448 hectares of which 78,942 hectares are under oilseeds. Five mobile teams are operating in the project area. During the 1983-84 current kharif season, 927 demonstration plots were set up and 961 MT improved seeds, 1536 kgs of seed treatment chemicals, 496 MT fertilizers, about 3197 kgs of various insecticides, 59 kgs of various fungicides and 23,044 packets of rhizobium culture have been distributed to members through the federations' technical inputs programme. 614 farmers were trained under the Farmers Induction Programme at Anand and 5512 locally by the federation. To date, 1416 village meetings and 9 film shows were organised as a part of the extension education activities. The 69 hectares Amlaha farm was used for training purposes and to multiply foundation seeds for distribution to members.

In the current procurement season from October 1983, 27,809 MT soybean was produced at an average price of Rs. 3234 per MT.

These oilseeds were processed at the plants of M/s Anand Taluka Cooperative Cotton Sale Ginning and Pressing Society Limited, Anand (ATCO) on a custom hiring basis. The federation is setting up a soybean processing plant of 400 MT/day in Ujjain for which 90 acres of land have been acquired. This plant is being constructed by NDDB with the assistance of the federation's technical staff. Orders for key equipment have been placed and construction work has commenced. For the solvent extraction plant, a global tender has been issued and the order is expected to be placed in the near future. The plant is expected to be one of the largest soybean complexes in the country.

An area of about 66.8 hectares has been made available to the Madhya Pradesh Oil Federation by the Government of Madhya Pradesh for setting up an Area Agronomic Centre and a feasibility study and hydrological survey are being conducted.

Tamil Nadu :

The Tamil Nadu Cooperative Oilseeds Growers' Federation Ltd. (TANCOF) formed in January 1981 to implement the project in the State, is currently being implemented in the groundnut growing belt of North Arcot, South Arcot and Chingleput districts, having some 2,50,000 hectares under oilseed cultivation. NDDB has so far supplied 4523 MT of refined soybean oil to TANCOF for marketing in the State. A sum of Rs. 12 crores will be made available to TANCOF over the seven year project period (1981-88).

To date, the federation has organised 146 cooperative societies in 542 villages with 11,109 members in 2 districts and 382 demonstrations were conducted in the current season. Under the technical inputs programme, 113.6 MT seeds, 24.5 kgs seed treatment chemicals, 318 MT gypsum and 7300.35 litres of insecticides were distributed to members. The 11,109 members of this federation have a total cultivated land area of 35,483 hectares of which 27,597 hectares are used for oilseed cultivation. A total of 645 village meetings and 18 film shows were held by the four mobile teams and field staff, 269 farmers were trained under the FIP at Anand and another 529 locally by the Federation. In the current procurement season, starting from October 1983, the federation procured 1200.423 MT groundnut from members at an average price of Rs. 4682 per MT.

The federation is considering the acquisition of processing plant(s) from the Tamil Nadu Cooperative Marketing Federation in the project areas and is also studying the possibility of setting up new facilities.

Orissa :

The Orissa State Cooperative Oilseeds Growers' Federation Ltd (OIL ORISSA) was registered in May 1982 and the project is currently operational in the districts of Cuttack, Puri and Ganjam. To date, 41 societies have been formed covering 267 villages with 2267 members with a total cultivable area of 5171 ha of which 3126 ha are under oilseeds. Four mobile teams are operational in the three districts where work is under progress. To date, 196 village meetings were conducted in the project area. 186 farmers were sent to Anand under the Farmers Induction Programme and 246 demonstrations were organised during the current kharif season. Under the technical inputs, 248.202 MT improved seeds, 163.6 kgs seed treatment chemicals, 930.312 MT of various fertilizers were distributed to the members.

Following disastrous floods in September 1982, the efforts of the Federation were mostly geared towards the initial procurement of seeds from the GCOGF for distribution to farmers in the project area. Out of the 900 MT purchased from GCOGF, 829 MT were distributed to farmers of which, members received some 26 MT seeds to plant in their own fields. In the present procurement season starting from October 1983, the federation has procured 139.45 MT of groundnut at an average price of Rs. 3945 per MT. Marketing of refined soybean oil was initiated in the state in October 1982 and so far 2333 MT have been sold.

As a part of their activities, Oil Orissa conducted a training programme at Bhubaneswar for the Secretaries of Oilseed Growers' Cooperative Societies.

The federation has selected a site at Khurda for its proposed central 50 MT/day groundnut processing plant, expandable to 200 MT/day in a phased manner. Orders for key plant equipment are being placed and civil work has started. Since the commissioning of this central processing plant is expected to be delayed, the federation has now proposed to set up a 30 TPD capacity plant at Mancheswar at an estimated cost of Rs. 9 lakhs. An oil packaging station at Bhubaneswar has been commissioned. A coconut project estimated at a cost of Rs. 1 crore has been approved and its project report is under preparation.

An area of about 80 hectares has been made available to Oil Orissa by the Government of Orissa for setting up an Area Agronomic Centre.

Andhra Pradesh :

In September 1980, the Andhra Pradesh Cooperative Oilseeds Growers' Federation Ltd.(APCOGF) was registered. However, project implementation in the state was not initiated as the project area proposed by the State Government was not a contiguous oilseed growing area and was much in excess of the 2.5 lakh hectares. Moreover, the bye-laws of the society and the federation were not in line with the model bye-laws recommended by NDDDB. Actual project implementation started only in mid-1983. The area of operation of APCOGF will consist of oilseed growing areas in the districts of Prakasam, Guntur, Krishna, Khammam, Nalgonda, and Mahboobnagar.

To date, 1990 MT refined soybean oil have been supplied by NDDDB for marketing in the State. At present, the Federation is concentrating its activities in Mahboobnagar, Khammam and Nalgonda. Seven mobile teams are operational as on date. 63 village societies have been formed covering 464 villages with 4947 members with a total cultivable area of 30,294 hectares. 237 village meetings and 6 film shows were organised as a part of the extension education activities. 96 farmers were trained under the farmers' induction programme at Anand.

During the current year(1983-84) so far 30.96 MT improved seed and 505 MT of gypsum were distributed to members. 486.456 MT of groundnut were procured to date at an average price of Rs. 4348/MT.

Maharashtra :

The Maharashtra State Cooperative Oilseeds Growers' Federation Limited was formed in August 1983 as the project implementing agency in the State of Maharashtra. The contiguous area selected by the federation for the project implementation, comprises the districts of Jalgaon, Dhulia, Nasik and Aurangabad. The cooperative organisation and other activities are expected to be initiated by the Federation.

Karnataka :

The Government of Karnataka has agreed in principle to implement the NDDDB's Vegetable Oil Project in the State. The spade work regarding the planning and associated formalities are underway.

Constraints in the implementation of the

The Oilseeds and Vegetable Oil Project of the NDDB has completed just about four and a half years since its inception. The project as originally conceived was for a duration of seven years after a pre-project year of 1977-78. However, the actual project implementation could start only in 1979-80. The project envisages a duration of a minimum of seven years for each participating state to realise the impact of the project.

It was originally envisaged to extend the coverage of the project to five states of Gujarat, Tamil Nadu, Andhra Pradesh, Maharashtra and Karnataka. In August 1979, at the instance of the Government of Madhya Pradesh, the Government of India approved the inclusion of a selected area in the Western part of Madhya Pradesh bringing Madhya Pradesh also into the ambit of the project.

The reluctance on the part of the Government of Karnataka to accept the NDDB proposal for implementing the project on cooperative lines, favoured the inclusion of Orissa instead of Karnataka, as a participating state of the project, at the instance of the Government of India. Subsequently, the Government of Karnataka reconsidered its position and as approved by the Ministry of Agriculture, it was decided in December 1982 to reinclude Karnataka in the project.

Implementation in the states of Gujarat, Madhya Pradesh, Tamil Nadu and Orissa started soon after the respective state federations were registered. Though, the Andhra Pradesh Cooperative Oilseeds Growers' Federation was registered in September 1980, the actual implementation began only in mid 1983, while the implementation in Maharashtra is under initiation and the Cooperative Oilseeds Growers' Federation in Karnataka is yet to be registered.

Due to the late commencement of the project in some of the participating States, unless the duration of the project is not extended, each participating State may not have a minimum of seven years of project operation as originally planned. Moreover, in any agricultural development programme, it takes a long time before the impact can be measured. It would, therefore, be pre-mature at this stage to say whether the objectives of the project have been fully met.

Nevertheless, the project faces a number of threats and challenges from vested interests who are opposed to farmers commanding a share of oilseed production, procurement, processing and marketing business. The project has, so far, made good progress despite obstacles such as fires in plants etc.

Some of the major constraints faced during the implementation of the project are highlighted below :

1. Some of the provisions of the state cooperative acts also come in conflict with the model bye-laws prepared to ensure formation of cooperative societies owned and commanded by oilseed growers' themselves and insulating them from outside elements. The concerned State Governments have now generally accepted the recommendations of the NDDB. This is also true in the case of the bye-laws of the federations.

2. The project has also faced difficulties in obtaining licenses for setting up processing facilities. NDDDB has pleaded with both the Central and the participating State Governments not to allow the setting up of new or expansion of the existing oilseed processing facilities in the areas covered under the project. A policy decision is required to be taken in this regard. In case of licensing of new vanaspati plants, a policy decision to allow creation of further capacities only with the grower cooperatives and public sector units has already been taken.
3. The oilseed procurement has generally been less than the targets set, mainly due to the late implementation of the project in participating states and adverse climatic factors affecting oilseed production in the areas covered under the project. Due to the fluctuating nature of oilseed production in rainfed conditions, major emphasis has been given to the stabilisation of oilseed production by adopting a bold procurement strategy, providing price support and by making efforts for the marketing of summer groundnuts.
4. Disbursement/utilisation of funds as compared to the targets has been on the lower side for the seven action items except the sinking fund. The main reason for this has been the USAID insistence of their rights to audit project expenditure and performance. The audit and related issues have since been sorted out.
5. With regard to allocation of quota for HPS groundnut exports, till date, export quota has not been allotted to the federations. HPS groundnut export has been channelised through NAFED. Only in 1982 agencies other than NAFED have been allowed to export HPS groundnuts. Unfortunately, the groundnut crop suffered both in quantity and quality, due to bad weather. Therefore, HPS groundnut activity could not be organised.
6. The production enhancement strategy of the project calls for the setting up of a District Farm of about 300-400 hectares in each district covered under the project and three Area Agronomic Centres of about 500 hectares each. Land for the Area Agronomic Centres and District Farms is to be provided free of cost by the participating State Governments for undertaking multiplication of breeder seeds into foundation seeds, localised research at the Area Agronomic Centre, extension and training of farmers and federation personnel. However, the required land has not been made available by most of the participating State Governments. The State Governments of Gujarat and Madhya Pradesh have handed over to GROFED and Madhya Pradesh Oil Federation a part of the Talaja Farm of about 18 hectares in Bhavnagar district and the Amlaha Farm of about 68.69 hectares in Sehore district. The land area of these farms is far less than the actual requirement and therefore, inadequate to carry out the proposed activities. The delay on the part of the State Governments to provide the required land has posed a constraint to the seed multiplication activity in particular, and other inputs and extension activities in general.

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As desired by Secretary (Agriculture and Cooperation) a letter has been drafted requesting participating State Governments to issue suitable instructions to the concerned Departments/Universities to make available land by transfer or on a long lease basis. A suitable action is required to be taken by the Ministry of Agriculture in this regard.

7. There is no parity at present between the groundnut prices and prices of groundnut oil. This has weakened the position of the growers' cooperatives as the traditional trade is able to market groundnut oil at prices below the parity prices, because it has resorted to large scale adulteration of groundnut oil with imported oil, rapeseed oil and even castor oil. It is common knowledge that the groundnut oil marketed by the trade is a blend of groundnut oil, rapeseed oil, palmolen, castor oil, soybean oil, etc. in varying proportions. In some cases, even tobacco oil has been found mixed with the above oils. Such large scale blending of oil would go against the oilseed cooperatives and would be detrimental to the increased production of oilseeds in India. Blending of oil would be advantageous in India because high priced preferred oils could be blended with lower priced oils to provide a product which is both lower priced and not significantly different in taste than the highly priced preferred oils. The blended oil would also result in a better composition of essential fatty acids.

The proportion of various oils should be declared on the container. It is, therefore, better to have known a declared blend of oil marketed rather than turning a blind eye to the illegal blending of oils as is currently being practised..

NDDDB had put up a proposal to the Government of India in September 1979, to allow blending of oil and has raised this issue in various meetings between the Government of India and NDDDB, as also in various correspondence exchanged between them. In a meeting convened at New Delhi on October 12, 1982 to review the progress of the project and chaired by the Additional Secretary to the Ministry of Agriculture, the representative of the Ministry of Civil Supplies informed that a draft notification calling for public opinion on blending of various vegetable oils had already been issued by the Ministry of Health. The final notification was to be issued after initiating objections from the concerned parties after which it would be sent for approval to the Cabinet. However, a final decision is still awaited.

8. The bye-laws of the federations provide that any change in the post of the Managing Directors of federations may be effected with the concurrence of NDDDB/OVOW.

Frequent transfers of Managing Directors of the federations slacken the progress of the project and lead to further delay in the implementation of the project in the State. This has happened more frequently in the case of Tamil Nadu where Managing Directors have changed in the last three years and deprived the federation of its development in the formative stages.

Secretary (Agriculture and Cooperation) had addressed letters to the Chief Secretaries of the states participating in the NDDDB's Vegetable Oil Project requesting them to disallow frequent transfers of Managing Directors of the

federations. Inspite of such a letter from Secretary (Agriculture and Cooperation), the experience of NDDDB has been that the Managing Directors are not allowed to have a continuous term of 3-4 years.

Such setbacks have caused delays making it impossible to achieve the end of the project goals by 1985-86. Nevertheless, the performance of the project has been impressive.

However, details on the constraints in the implementation of the project in the participating states have been highlighted below :

Gujarat :

It was initially proposed to implement the NDDDB's Oilseeds and Vegetable Oil Project in the State of Gujarat only. However, when the project was being considered for approval by the Government of India, it was decided to make it an all-India Project and extend its coverage to the major oilseed growing states, besides Gujarat. However, as approved by the Government of India, some 50% of the project investment is to be made in Gujarat. The, then, Chief Secretary, Government of Gujarat participated in all the important meetings held at the level of the Government of India.

At the timewhen the project was being evolved it was felt that with the commencement of the action and procurement of the Vegetable Oil Project in the State, there would be a need for oilseed processing units in the cooperative sector. The Bhavnagar Vegetable Products Unit (BVP) at Bhavnagar was the biggest oil processing unit in the State but this unit was under liquidation. At a meeting held in Anand on 22-8-1977 during the visit of the Member, Planning Commission, wherein, the Chief Secretary to the Government of Gujarat was also present, it was felt that the Oil Wing of NDDDB may take over the management of the BVP Unit.

Chairman, NDDDB, wrote to the, then, Secretary, Agriculture, Government of Gujarat vide his letter dated March 27, 1978, giving the details of the production enhancement activities to be undertaken in Gujarat under the project. The Government assured its assistance to the project. It was also decided that he would request the District Development Officers to make available land for district farms.

At a meeting held on 14-4-1978 which was attended among others, by the, then, Secretary and Deputy Secretary, Agriculture, the problems relating to the availability of land for district farms and area agronomic centres were discussed in addition to the problems such as land acquisition etc. A list of various small farms owned by the State Government in Saurashtra region was also provided at the meeting. It was suggested that NDDDB could consider taking over 7 to 8 of these farms. Regarding Area Agronomic Centres, it was decided to establish two centres, each at Junagadh and Jamnagar. This meeting was followed by a letter from Chairman, NDDDB to the, then, Secretary, Agriculture with a proposal to constitute a research and development committee and a management committee consisting of officials from the State Government, Gujarat Agricultural University and the NDDDB for the implementation of the NDDDB Vegetable Oil Project in Gujarat.

A meeting was held on 9-4-1979 at Anand wherein leading cooperative leaders and representatives of the Government of Gujarat including Secretary, Agriculture and Commissioner and Registrar, Cooperative Societies, were present to discuss and evolve a framework to enable the smooth functioning of the proposed GCOGF as the project implementing agency in Gujarat.

The Gujarat Cooperative Oilseeds Growers' Federation Limited (GCOGF) was finally registered on June 26, 1979.

Secretary, Agriculture, vide his letter dated 22-11-1979 to Chairman, NDDDB, conveyed the State Government's consent to set up a cell for planning and monitoring the oilseeds development in the State for a period of 5 years which could be funded by NDDDB. He gave the details of the posts to be filled in this cell and requested Chairman, NDDDB, to send a confirmation so that the procedure to fill up these posts could be started. Chairman, NDDDB, vide letter dated 5-12-1979 informed that NDDDB would release Rs. 1 lakh as grant in aid. He requested that the cell be created initially for a period of one year and necessary actions for filling up the posts may be initiated. Moreover, Chairman, NDDDB also mentioned that as GCOGF had been set up as the implementing agency of the Vegetable Oil Project in Gujarat, the District Farm/Area Agronomic Centre could be handed over to GCOGF.

A meeting was taken on 7-4-1980 by the, then, Advisor to the Governor, wherein, among others, Chief Secretary to the Government of Gujarat and Secretary, Agriculture were present to discuss the various measures required to speed up the implementation of the NDDDB's Vegetable Oil Project in Gujarat. The handing over of the seed farms to GCOGF on lease was discussed. Regarding the setting up of a Planning and Monitoring Cell, the Advisor mentioned that the cell would be a part of the Government and the Government would not like to receive any assistance from NDDDB for the establishment and running of the cell. The cell will continue to liaise with NDDDB in matters to be resolved by mutual consultation. In case of difference of opinion, a Consultative Committee consisting of Chief Secretary as Chairman; Chairman, NDDDB; Chairman, GCOGF and Secretary, Agriculture may be constituted. Subsequently, a Committee was formed for Monitoring and Planning the processing of oilseeds in the State of Gujarat.

The State Government in modification of the previous three resolutions regarding the reservation of the edible oil industry to the cooperative sector, issued an order, vide Resolution No. INC-1078 294(80)-P-PD dated 27-2-1980 stating that groundnut oil, cottonseed oil and castor oil are reserved under the cooperative sector by the Government.

At the request of Chairman, Gujarat State Cooperative Bank Limited, Chairman, NDDDB agreed to meet a group of the leading cooperative leaders from Gujarat to discuss problems being faced at the village level in terms of loans advanced by the District Cooperative Banks as well as the problems GCOGF was facing in obtaining inter-branch facility from Cooperative Banks for operations. This meeting was held at Anand on December 4, 1981. Issues relating to the provision of inputs and finance for groundnut crop by GCOGF were discussed.

GCOGF set up in June 1979 achieved significant progress in project implementation.

The Board of Directors of GCOGF was nominated by the Government of Gujarat in consultation with NDDDB vide Government Order No. SPN/316/D-4043 of July 2, 1979. It was further reconstituted by the Government of Gujarat vide Resolution No. SPN/316/D-463 (i) dated 26-9-1980, following the resignation of the first Chairman of GCOGF and some of the members of the Board. Secretaries from the Department of Agriculture and Food and Civil Supplies, Government of Gujarat were nominated on the Board together with three representatives of NDDDB. The Managing Director, Indian Dairy Corporation, was appointed as Chairman, GCOGF. The remaining four positions on the Board of GCOGF were filled by non-officials nominated by the Government of Gujarat.

The Chief Minister of Gujarat, vide his letter dated April 23, 1982 appraised the Prime Minister of the progress achieved in Gujarat with regard to the NDDDB's Vegetable Oil Project. He also mentioned that the groundnut growers have received Rs. 100 crores more for their produce than before the implementation of the project and the price of edible oils has remained stable. He further added that the Federation should ensure that the remunerative prices paid to the farmers are maintained. The Chief Minister thanked the Prime Minister for the assistance provided to Gujarat through the NDDDB and ensured that the objectives of the project would be met within the time period stipulated.

On 3rd June, 1982, at a function organised at Bhavnagar during the visit of the Union Finance Minister to the Bhavnagar Vegetable Products Unit, managed by the NDDDB, the Chief Minister and the Minister for Agriculture, reiterated full support of the Government of Gujarat to GCOGF.

While the Government has given moral support publicly there has been no practical support to GCOGF. In fact, GCOGF was expected to financially support the Civil Supplies Corporation for the public distribution system of the Government by supplying groundnut oil at a very low rate. The GCOGF supplied groundnut oil at a price which was much below the market price or even the cost price. The total loss so incurred was Rs. 5.57 crores. The above financial support of more than Rs. 5.57 crores given by GCOGF to the State Government has practically disrupted the very foundation of this infant organisation and has put its clock of progress back by two and a half years.

GCOGF has not been given any important role to play in the implementation of the special groundnut project involving Rs. 36 crores sanctioned for the State of Gujarat by the Government of India. GCOGF is now required to knock on the doors of the Taluka/Jilla Panchayats and various Government agencies for subsidies. In many cases the subsidy is paid after an abnormal delay of one year or so. Even now, a large amount of more than ninety lakhs is outstanding for Junagadh district. Though the Government has already placed the required funds at the disposal of the District Panchayat, the District Development Officer has shown his inability to pay the dues for want of funds.

NDDB's project very clearly envisages free of cost allotment of land by the State Government in various Districts for agro-economic centres and various plants to be set up by GCOGF. The problem of not giving land for this purpose has been intimated to the State Government from time to time. As the State Government is unable to provide enough land for this purpose and the programme has to continue with whatever land obtained, subsequent changes were made. The area has been reduced to 80 hectares for the Area Agronomic Centre and so far no land has been allotted by the State Government. In case of District Farms, six numbers each with an area of 35 hectares are required and the Government has so far allotted 18 hectares of land at Talaja and has been insisting for its return for the use of Gujarat Agricultural University. For the land allotment in setting up the Junagadh processing unit, full market price has been realised.

No uniform policy is being followed with regard to the implementation of the programme of subsidies, distribution of insecticides, fungicides, plant protection equipments etc. in spite of insistence by farmers to obtain insecticides from GCOGF.

GCOGF gets its funds for investment in various projects as well as for procurement operations against Government Guarantee. Project funds are available by NDDB on 70% loan and 30% grant basis. There are abnormal delays in the issue of Government Guarantee with the result that GCOGF is neither able to take up procurement in time nor are projects being completed as per schedule.

A meeting was called by Shri Madhavsinh Solanki, Chief Minister of Gujarat on January 11, 1984 to discuss and resolve the problems faced by GCOGF. This meeting was attended by Secretary Government of Gujarat - Finance Department, Civil Supplies Department, Cooperative Department, Registrar of Cooperative Societies, Chairman, NDDB and Chairman, GCOGF.

A High Powered Committee is formed consisting of representatives of the Government of Gujarat, Chairman, NDDB and Chairman, GCOGF and the committee will have full powers to decide on the problems hampering the speedy implementation of the project. Several points have been discussed in the subsequent High Powered Committee meeting held on 5-2-1984 and it was agreed by the representatives of the Government of Gujarat that immediate actions will be taken to resolve these issues.

Madhya Pradesh :

In the original project document of the NDDB's Vegetable Oil Project as approved by the Government of India, the State of Madhya Pradesh was not included as one of the project areas. Shri S.B. Lal, Member, State Planning Board, Agriculture Production Commissioner, Government of Madhya Pradesh wrote to Chairman, NDDB vide D.O. letter No. 70/SA/79 dated March 20, 1979 requesting to consider favourably the inclusion of Madhya Pradesh as one of the project areas under NDDB's Vegetable Oil Project. Further, the, then, Registrar, Cooperative Societies, Government of Madhya Pradesh wrote to Secretary, NDDB giving information for the preparation of project report and requested NDDB to include Madhya Pradesh under

the project vide his letter D.O. MKG/R/5174 dated 20th July, 1979. Secretary, NDDDB by his letter to the Registrar, Cooperative Societies, informed that the Madhya Pradesh Government may work out the broad outlines and send the proposals to NDDDB for consideration. Subsequently, a meeting was held on 22nd August, 1979 under the Chairmanship of Secretary (Agriculture) wherein the states of Andhra Pradesh, Karnataka, Tamil Nadu, Maharashtra and Gujarat were included. Chairman, NDDDB wrote to the Joint Commissioner, Ministry of Agriculture and Irrigation Government of India, vide letter dated September 19, 1979 clarifying that Madhya Pradesh was not included. The Joint Commissioner, Ministry of Agriculture and Irrigation, Government of India vide his D.O. letter No. CIS/28011(1) CU(1) dated 28th September, 1979 indicated that Madhya Pradesh has since been included in the NDDDB's Vegetable Oil Project.

In anticipation of the formation of Cooperative Oilseed Growers' Federation in Madhya Pradesh, Secretary, NDDDB wrote to the Registrar of Cooperatives to take up necessary steps with the Government of Madhya Pradesh for issuance of exemption from sales tax and other levies on the sale of donated oil. A copy of the model bye-laws was also sent to the Government of Madhya Pradesh and the approval of bye-laws by the State Government was intimated to NDDDB. A Chief Executive for the newly proposed Oil Federation was posted in September, 1979. The Madhya Pradesh State Cooperative Oilseeds Growers' Federation Limited (OILFED) was registered on October 3, 1979 with its head quarters at Bhopal and by October 15, 1979, the Board of Directors were nominated by the Government of Madhya Pradesh. At the request of the Madhya Pradesh Oil Federation a two-member spear-head team was sent by NDDDB during June 1980. To facilitate the smooth working in this region, NDDDB opened its Western Regional Office at Bhopal. In September 1980, the Amlaha farm was taken over by Madhya Pradesh Oil Federation for Production Enhancement activities. In a meeting held on 22nd May, 1980 at NDDDB, Anand with the officials of the Government of Madhya Pradesh and Madhya Pradesh Oil Federation, important points were discussed and decisions were taken regarding sale of donated oil, marketing in project area itself, etc. M/s Tata Economic Consultancy Services were requested to conduct a study in the project area. NDDDB made available a sum of Rs. 1.00 lakh towards the expenses of this study. A further contribution of Rs. 10.00 lakhs in September, 1980 and Rs. 50.00 lakhs in October 1980 was made towards the share capital of Madhya Pradesh Oil Federation. NDDDB thus has a total paid-up share capital of Rs. 70.00 lakhs.

The Madhya Pradesh Oil Federation was also made the implementing agency for NCDC financed projects in Madhya Pradesh by the State Government. As per the decision of the Madhya Pradesh Government, NCDC desired that three representatives of NCDC may also be provided on the Board of Madhya Pradesh Oil Federation and finance from NCDC will be routed through the State Government. The State Government will also be enrolled as a member of the Oil Federation. As indicated in the original project document, the NDDDB Vegetable Oil Project is to be implemented through a two-tier cooperative structure. Due to inclusion of NCDC,

a three tier system was adopted in Madhya Pradesh which included the Regional Union operating between the Federation and the Societies. The plant set up under the assistance of NDDDB and NCDC will be ultimately handled by the Regional Union which will be affiliated to the Oil Federation for the purpose of marketing, research and development, training and extension.

In a meeting held on March 6, 1982 in the Chamber of the Additional Chief Secretary of Madhya Pradesh, wherein the Registrar, Cooperatives, the, then, Managing Director of Madhya Pradesh Oil Federation and Chairman, NDDDB were also present, issues regarding project implementation were discussed.

NDDDB would consider providing assistance for setting up the Oilseeds Growers' Cooperative Societies in the NCDC project area as NCDC made it a pre-condition to sanction the loan to OILFED for setting up four soybean processing complexes. The surplus available with the Federation may be used for organising OGCS activities outside NDDDB project area in the initial stages. OILFED was also to undertake production of vanaspati in their processing plants. A request was made to the Government of Madhya Pradesh to transfer the Agricultural Farms to OILFED. The progress regarding Amlaha farm was also discussed. It was decided that training may be considered as a central activity and NDDDB would finance such activities directly. The issue of channelisation of export of soy meal through the Soybean Processors Association was also discussed. It was decided that NDDDB will provide funds to the tune of Rs. 16.00 crores as against 8 to 10 crores earlier allocated, provided that the Government of Madhya Pradesh ensures that no further licences are issued for setting up new plants in the project area.

The then, Managing Director of Madhya Pradesh Oil Federation was transferred during September 1982 and the new Managing Director took charge only during November, 1982..

In October, 1982 the Madhya Pradesh Oil Federation submitted a composite project proposal for the NDDDB Vegetable Oil Project at an estimated cost of Rs. 300 million of which allocation was made to the tune of Rs. 232 million for creation of processing facilities and the remaining Rs. 77 million for Cooperative Organisation and Production Enhancement Programmes. The proposal envisages the establishment of 450 village level Oilseed Cooperative Societies with a total membership of 1,25,000 having 2,50,000 hectares oilseed area. The Chief Minister of Madhya Pradesh, along with the Minister for Cooperation visited Anand during March 1983. In a meeting with the Chief Minister, the Minister for Cooperation and other officials, Chairman, NDDDB appreciated the efforts of the Madhya Pradesh Oil Federation and assured continuous support from NDDDB to this project. He also indicated that it would be possible for NDDDB to finance upto Rs. 50.00 crores in Madhya Pradesh and for this the Madhya Pradesh Oil Federation has to prepare a detailed project report together with the techno-economic feasibility report and submit to NDDDB. The structural changes

necessary to enable OILFED to cope with the project in Madhya Pradesh were also discussed. The Regional Union to be formed in each area of operation of processing plants will have village level oilseeds growers' societies as its members, which in turn would be a member of the oil federation. These Unions would be responsible for procurement, processing and marketing of oil in the areas covered by them as also the implementation of technical inputs programme. However, all financial assistance would be routed through the Federation. The Chairman, NDDDB also requested the Chief Minister to ensure that no further licences are given to the private sector for setting up new soybean processing plants and also ensure that no licenses are given for expansion of capacity of the existing units in the private sector. Several other issues were also discussed and the following decisions taken.

- The Government of Madhya Pradesh would initiate action to amend the State Cooperative Act to enable operation of larger cooperative enterprises on professional lines.
- Staff on deputation would not be taken in the federation of the regional unions.
- Government would provide assistance as short and long term loans to finance procurement operations.
- Sale of imported oil would be exempted from sales tax and octroi.
- Government would provide land for setting up District Farms, Area Agronomic Centres and processing units including water and electricity connections.
- Subsidies for oilseed development would be channelised through OILFED.

The Government of Madhya Pradesh again transferred the Managing Director of OILFED and appointed another Managing Director in June 1983.

In March 1983, the Federation acquired 90 acres of land in Ujjain for setting up the proposed 400 TPD soybean processing plant. The execution of this project on turn key basis is given to NDDDB and the work on this plant is under way. It will be one of the largest soybean processing plants in the country.

Some of the major constraints in the implementation of the project in Madhya Pradesh are :

- frequent modifications of the project proposal, especially with regard to the parameters of the project, fund requirement and areas of operation
- delay in site acquisition and decision on the capacity of the Ujjain Processing Plant
- involvement of NCDC in financing the federation for setting up a processing unit in Madhya Pradesh and their subsequent insistence for organising Cooperative Societies in the NCDC area of operation in Madhya Pradesh and the formation of regional unions.
- Continued discussion regarding its bye-laws and share capital contribution.

Andhra Pradesh :

Chairman, NDDDB vide his letter dated 8-1-1979 to the, then, Chief Minister of Andhra Pradesh invited the participation of the Government of Andhra Pradesh in the NDDDB's Vegetable Oil Project.

The acceptance of the Government of Andhra Pradesh, in principle, to implement the NDDDB's Vegetable Oil Project in the State came in August 1979. After completion of the overall discussions on the project area, preparation of project report, mode of financing etc. it was informed in November 1980, that the Andhra Pradesh Cooperative Oilseeds Growers' Federation Limited had been formed in September 1980. However, the bye-laws of the State level oilseeds Growers' Federation and the village level oilseeds growers' cooperative societies did not conform to the model bye-laws recommended by NDDDB. Areas proposed for the implementation of the project were large and non-contiguous.

The Government of Andhra Pradesh vide their resolution No. 57991/80 M1(a) dated November 4, 1980 nominated the first Board of Directors of the Andhra Pradesh Oil Federation and it was informed that an oilseeds expert and nominees of the National Dairy Development Board will be added later. The first Board of Directors of the Andhra Pradesh Oilseeds Growers' Federation as nominated by the Government of Andhra Pradesh was considered weak to implement the project. This was informed to the Government of Andhra Pradesh.

Nevertheless, at the request of the Andhra Pradesh Government, Rs. 50,000/- were released in July 1980 to the Foundation to Aid Industrial Recovery (FAIR) (a consultancy organisation based at New Delhi) to prepare a project report for the implementation.

In April 1981, discussions were held at Anand with the, then, Managing Director of the Andhra Pradesh State Cooperative Oilseeds Growers' Federation Limited and in June 1981, a further sum of Rs. 50,000/- and a jeep were released for initiating action on project planning, organisation of cooperative societies etc. The Andhra Pradesh Cooperative Oilseeds Growers' Federation Limited (APCOGF) was required to prepare and submit a project report, justifying the area to be included and details of the investments required.

Since the APCOGF during the two and a half years of its registration did not make much of a headway in planning and implementing the Vegetable Oil Project, Secretary, Food and Agriculture, Government of Andhra Pradesh was invited to visit Anand to discuss the unresolved issues. However, the visit did not materialise.

In January 1982, Chairman, NDDDB vide his letter dated January 11/12, 1982 wrote to the, then, Chief Minister of Andhra Pradesh, to convey NDDDB's concern over the progress of the project and requested him to look into the matter to resolve certain pending issues. The change in the Ministry prevented this.

Chairman, NDDDB, could, however, meet the present Chief Minister of Andhra Pradesh, in March 1983 to discuss the project.

In the meeting, the Government of Andhra Pradesh agreed in principle to appoint a Senior Officer as the Managing Director of the Andhra Pradesh Oil Federation, finalise the model bye-laws, identify the project area as per the norms of NDDDB, and reconstitute the Board of Directors, etc. The Chief Minister also agreed to expedite the implementation of the project in the State to recoup the time already lost. Accordingly, a Managing Director was appointed during the first week of April, 1983 and a meeting was held to sort out various issues.

An amount of Rs. 15.00 lakhs was released to enable the Federation to initiate its activities and establish the production enhancement programme. The federation recruited its field staff and commenced its field activities only in the month of September 1983. The federation is now making rapid progress.

However, almost four years were lost in :

- Finalising the project area
- Finalising the bye-laws for the primary societies and the state federation
- Constituting the first Board of Directors of the State Federation
- Appointing the Managing Director for the federation
- Preparing and finalising the project report

The original Project Plan envisaged 500 hectares for Area Agronomic Centre and 300-400 hectares for two District Farms. The problem of not providing land for this purpose has been intimated to the State Government from time to time. Since the State Government is unable to provide enough land for this purpose and since the programme has to make do with whatever land that can be obtained, subsequent changes have been made wherein the area has been reduced to 80 hectares and 40 hectares for Area Agronomic Centre and District Farm respectively.

Tamil Nadu :

In response to the letter from Chairman, NDDDB to the Chief Minister of Tamil Nadu inviting the participation of Tamil Nadu in the NDDDB Vegetable Oil Project, the Minister for Agriculture and Irrigation, Government of Tamil Nadu, visited Anand on May 19, 1979 and it was decided to extend the project to Tamil Nadu. A Vegetable Oil Cell (VOC) was formed by the Government of Tamil Nadu under the Secretary, Department of Agriculture, Government of Tamil Nadu vide Government Resolution No. G.O. MS No. 1830, Agriculture Department, dated September 24, 1979. The VOC requested for an advance of Rs. 1 lakh from NDDDB for its operation. It was

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also decided that the State Cooperative Oilseeds Growers' Federation be formed, the function of its first nominated board be initiated and a proposal from the Government of Tamil Nadu be submitted to NDDDB for financing. The Vegetable Oil Cell was subsequently headed by an Additional Director of Agriculture with necessary supporting staff. Rs. 1 lakh was released by NDDDB in May 1979 for operational expenses of the Vegetable Oil Cell.

NDDDB requested the Vegetable Oil Cell vide its letter dated October, 6, 1979 to send its project proposal which was, however, submitted only in April 1982. The Project Report had identified the district of North Arcot for implementing the project which was later reviewed and the Vegetable Oil Cell was invited for discussions. In the meantime, the Government of Tamil Nadu created a post for a Project Director of the Vegetable Oil Cell to assume charge in the first week of June 1980.

Chairman, NDDDB discussed the project further with the, then, Chief Minister of Tamil Nadu on July 9, 1980 and with the, then, Minister for Agriculture on July 10, 1980. During this meeting, discussions revolved round inclusion of one more contiguous district in addition to North Arcot, installation of a processing plant, formation of a State Oilseeds Growers' Federation and need for an independent Managing Director, bye-laws of the Oilseed Growers' Cooperative Society, need for a two-tier system instead of a three tier (as given in the project report) and the outlay of the project. Subsequently the Project Director of VOC visited NDDDB, Anand between 20th and 26th July 1980 to discuss the project.

The Chief Secretary to the Government of Tamil Nadu informed NDDDB vide letter G.O.MS:1834 dated 12th September, 1980 that the Government of Tamil Nadu had carefully examined the proposal of the Vegetable Oil Cell and issued orders to the effect that the Project Area will include South Arcot, North Arcot and Chingleput districts. Further, it added, that a new Directorate of Oilseeds would be formed and that the Director of Oilseeds would also have the powers of the Registrar of Oilseeds Growers' Cooperatives.

In September, 1980 the Project Director, Vegetable Oil Cell, informed the State Government's decision on the acceptance of the project report and enquired about the agreement, if any, to be executed with NDDDB for financing the project. The Project Director was informed that NDDDB can be directly approached for finance on the formation of the federation.

The Government of Tamil Nadu issued an exemption to register the Federation without being promoted by the Primary Oilseeds Growers' Cooperatives vide G.O.MS:No 2420 dated December 24, 1980. The Tamil Nadu Cooperative Oilseeds Growers' Federation was registered on January 1, 1981. The model bye-laws of the Oilseeds Growers' Cooperative Society as suggested by NDDDB and the Federation were agreed by the Government of Tamil Nadu except for a few minor changes. These also were later finalised. However, it required many discussions.

The Project Director of the Tamil Nadu Oilseeds Project was appointed as Managing Director of the Tamil Nadu Cooperative Oilseeds Growers' Federation. Although the implementation of the project started in January 1981 with the registration of the Federation, the project has not made the desired progress. This is mainly because of the following :

Frequent transfers of the Managing Directors : The first Managing Director of the federation appointed during January, 1981 was replaced by another Managing Director in July, 1981, who was further replaced in June, 1983. A new Managing Director has recently taken over the charge of the federation in March, 1984. These Managing Directors were (and are) carrying out additional responsibilities and thus could not devote full time for the implementation of the project.

Non-availability of processing facilities under the project : The Federation started the procurement of oilseeds from their grower members through the cooperative societies. The Federation proposed to acquire the processing plant(s) from the Tamil Nadu Cooperative Marketing Federation (TANFED) in the Project Area, till such time that the new processing facilities are set up by the Federation. In spite of the Government orders, the plant(s) has not been transferred to the Tamil Nadu Cooperative Oilseeds Growers' Federation (TANCOF). Since the matter of transfer of the plant(s) was under consideration of the Government, the Federation did not initiate action to set up new processing facilities also. This affected the oilseeds procurement and other operations in the implementation of the project.

Non-availability of land for Area Agronomic Centre and District Farms : The Area Agronomic Centre and District Farms are required for the production and multiplication of good quality seeds for the grower members. In spite of many discussions with the officials of the State Government and Central Government at various levels and letters written by NDDB, the Federation has not been provided with the required land by the State Government. This has adversely affected the technical inputs and production enhancement programme.

Finalisation of the project report : The project report prepared by the Vegetable Oil Cell, Government of Tamil Nadu was reviewed and revised. However, at the request of TANCOF, NDDB has taken up the preparation of a revised project report in December 1983. The NDDB team visited the Project Area to discuss the report under preparation which has since been submitted to the Federation.

Lack of adequate manpower with the Federation : Whatever staff the federation had in the beginning were on deputation from the Department of Agriculture and Cooperation, Government of Tamil Nadu. Although the Federation subsequently made efforts to recruit new staff, the present strength is not adequate for the implementation of the project.

Orissa :

Chairman, NDDB vide letter dated November 26, 1980, proposed to, the, then, Additional Commissioner (Oilseeds), Government of India to replace Karnataka by including Orissa under the Vegetable Oil Project as it could also prove a potential oilseed growing state. In December, 1980 the Additional Commissioner (Oilseeds), Government of India accepted the proposal of Chairman, NDDB. Subsequent to this, Chairman, NDDB addressed a letter No. a letter dated January 21, 1981 to the then Chief Minister , of Orissa inviting the participation of the State of Orissa in the Vegetable Oil Project. In February 1981, Chairman, NDDB received a request from the Deputy Secretary, Department of Forest, Fisheries and Animal Husbandry, Government of Orissa to send a Project proposal and a techno-economic feasibility report and the same was sent in March 1981. In March 1981 Chairman, NDDB again wrote to the, then, Chief Minister of Orissa vide letter dated March 3, 1981 elaborating the need for such a project and enclosing the basic data requirement for further action.

In the subsequent correspondence exchanged between the Government of Orissa and NDDB, NDDB requested that a liaison officer be entrusted with the initial pre-project activities in the state. In May, 1981 Government of Orissa appointed an Officer of the Agriculture Department on deputation for liaison work. In August, 1981 NDDB officers visited Orissa and emphasised the immediate formation of an apex body for the speedy implementation of the project.

NDDB also requested the official of the Government of Orissa to visit Anand for further discussions, which however, took place only in November 1981. In a communication to the Agriculture Production Commissioner, Government of Orissa NDDB expressed its concern over the slow progress of the project and once again highlighted the need for greater attention to the project.

It was informed that according to the provisions of the State Cooperative Act, formation of the Federation needs a minimum of 5 to 7 members of the primary societies. In view of this, the immediate initiation of the organisation of societies was emphasised. During this period, the Managing Director of the Orissa Milk Producers' Cooperative Federation was deputed as a liaison officer for the Vegetable Oil Project.

Looking to the urgent need for society organisation and preliminary federation activities, NDDB/OVOW released Rs. 1.0 lakh, vide letter dated December 29, 1981 for expenditure towards the above mentioned purposes.

To speed up the activities, a planning team from NDDB visited the project area on January 27, 1982. The Managing Director, Orissa Milk Producers' Cooperative Federation and Agricultural Production Commissioner, Government of Orissa, visited Anand during the end of March 1982 and discussed the parameters and implementation plans with the NDDB officers.

The Orissa State Cooperative Oilseeds Growers' Federation was registered in May, 1982 and the first Board meeting took place only on July 21, 1982. Subsequently Rs. 13 lakhs were sanctioned by NDDB in September, 1982 for setting up an oil packaging station at Bhubaneswar.

Later NDDB informed the Oil Federation about the various formalities and procedures required to be undertaken by the federation for financing the various project components. However, the project implementation did not come upto the mark. At various stages, NDDB sanctioned/released funds for the purchases of sheds, satellite plant, execution and setting up of phase-I of the Central Oil Mill Complex, purchase of vehicles and production enhancement programmes, equipment subsidies, training expenses, mobile team expenses, procurement loans etc.

Some of the major constraints faced during the implementation of the project are highlighted below :

- formation of the federation after almost 18 months from the date of initiation of discussions with the State Government
- receipt of the duly approved bye-laws by NDDB as late as February 1982
- initiation of recruitment of junior and middle level staff as late as August 1982. Till such time, officers on deputation from the Government looked after the Federation activities
- non-availability of processing facilities of medium and large capacity for hire by the federation for processing the oilseeds. Creation of new facilities with modern set up required considerable time.
- no provision of land by the State Government for establishing the Area Agronomic Centre and District Farm. Since the State Government was unable to provide enough land for this purpose, the project had to make do with whatever land available.' Hence the area for Area Agronomic Centre and District Farm has been reduced. However, recently, the federation has identified the land in Puri District for the Area Agronomic Centre and the site has been inspected.

The acquisition of land and other related activities are delayed over a long period of time.

Maharashtra :

Chairman, NDDB addressed a letter to the, then, Chief Minister of Maharashtra during January, 1979 informing about the approval of the Government of India to the NDDB Vegetable Oil Project and inclusion of the State of Maharashtra in the project. In December, 1979, the, then, Deputy Secretary (Agriculture and Cooperation) Government of Maharashtra, visited NDDB, Anand for preliminary discussions. In March 1980, the Government of Maharashtra informed that steps were being taken to set up a Cooperative Federation along with the line suggested by NDDB, but even in October 1980, the proposal was still under consideration of the Cooperative Department.

In anticipation of the setting up of the Cooperative Federation, Chairman, NDDB vide his letter dated February 3, 1980 to the Minister for Finance and Planning, Government of Maharashtra, requested for exemption from payment of sales tax, octroi etc. on the sale of imported vegetable oil in Maharashtra. A similar letter was written by Secretary, NDDB to the Secretary (Agriculture & Cooperation), Government of Maharashtra in March 1980 to help the Federation start marketing the imported oil. It was only in April 1983 that Deputy Secretary, Department of Cooperation, Government of Maharashtra informed that the Cabinet of Maharashtra has agreed to exempt levy of tax on the sale of donated oil.

In January, 1981 Chairman, NDDB met the Chief Minister in his chamber and requested the Government of Maharashtra to expedite the implementation of the project through a cell to begin with. On a query from the Minister for Cooperation, Government of Maharashtra about the availability of cottonseed through the cotton monopoly scheme, Chairman, NDDB agreed to integrate the NDDB Vegetable Oil Project with the Cottonseed crushing project.

In June, 1981, Joint Director (Agriculture and Cooperation) informed NDDB that Jalgaon and Dhulia districts were proposed for the Vegetable Oil Project. Discussions continued regarding the project area and in December, 1981 Secretary (Agriculture), Government of Maharashtra convened a meeting wherein officers of NDDB and various officers of the Departments of Agriculture, Cooperation, Finance and Civil Supplies were also present. It was suggested that besides Jalgaon and Dhule districts, parts of Buldana and Nasik districts would also be included so as to form a continuous groundnut growing belt of 2,50,000 hectares. However, no decision was taken in this matter. Further, on January 5, 1982 in a meeting convened by the Minister for Agriculture, Government of Maharashtra, a decision on the project area, its head quarters and various other points concerning the implementation of the Vegetable Oil Project were discussed. However, no decision could be arrived at.

In order to get the project moving in Maharashtra, Chairman, NDDB met the, then, Chief Minister of Maharashtra on August 4, 1982 and also wrote to him vide letter dated August 9/10, 1982 informing that the Oilseed Project is a time-bound programme and three years have been already lost but could be made good in the remaining four years if the Government of Maharashtra took the project seriously and vigorously. By June 1982 the nodal department of the NDDB Vegetable Oil Project was changed from the Department of Agriculture to the Department of Cooperation. It was only in a meeting on April 22, 1983 between the officials of the Government of Maharashtra and NDDB, that the following decisions were taken :

- Secretary (Cooperation) Government of Maharashtra would send a formal request to NDDB for preparation of the project proposal
- Deputy Registrar of Cooperatives would be attached to the Federation for the registration of primary cooperatives
- The Board of Directors of the federation would be nominated by the Government for the initial five years.

- Bye-laws of the Primary Oilseeds Growers' Cooperative Societies and the federation would be reviewed after discussions with Chairman, NDDB
- A formal request for deployment of NDDB's spear head team would also be made.

In this meeting the officials of the Government of Maharashtra also informed that the Government has agreed to exempt the levy of sales tax and hoped that exemption from octroi may not be difficult. The Government subsequently issued a Government Resolution No.VOP-1083/CR-6/21-C on September 21, 1983 which also included organisational set up, project area, nomination of Board of Directors, financial assistance, project implementation, land per farmer and ban on setting up or expansion of the existing Vegetable Oil Mills in the project area.

It was only after this meeting that the actual progress of the project in Maharashtra got moving and the Maharashtra State Cooperative Oilseeds Growers' Federation was registered on August 16, 1983. In May 1983, on request from Secretary, Agriculture and Cooperation, Government of Maharashtra to depute a team for the preparation of the project report, a three-member NDDB team was sent in June 1983. A PERT chart for the action plan of the federation was prepared and sent on October 6, 1983 to the Federation.

The first Board Meeting of the Federation was held on October 19, 1983 which was followed by the Second Board Meeting on February 14, 1984. From November 1983 to February 1984 very little progress could be made due to the frequent transfers of the federation officials. The Secretary (Cooperation), Government of Maharashtra who was also the Chairman of the Maharashtra State Cooperative Oilseeds Growers' Federation was moved from his position in November, 1983. The next Chairman took over in December, 1983. The Managing Director of the Federation has been appointed only in February, 1984. But he is also holding the charge of Managing Director, Maharashtra State Seeds Corporation. He has not been relieved as yet and NDDB has written to the Chief Minister in this regard.

The following major constraints have affected the implementation of the project in Maharashtra :

- delay in forming and registering the Maharashtra State Cooperative Oilseeds Growers' Federation.
- delay in identifying the project area .
- delay in finalising the bye-laws of the State Federation and the primary cooperative societies.
- frequent transfer of the top executives of the federation by the State Government.
- delay in appointing the Managing Director of the Federation.

Karnataka :

Chairman, NDDDB, addressed a letter dated 8/9-1-1979 to the, then, Chief Minister of Karnataka inviting the participation of the State of Karnataka in the NDDDB Vegetable Oil Project.

Chairman, NDDDB again wrote to the Chief Minister vide letter dated 23/27-2-1979, requesting his decision on Karnataka's participation in NDDDB's Vegetable Oil Project. As a great deal of spade work is required to be undertaken before the project can be launched, Chairman, NDDDB informed that he would be happy to discuss the issues related to the project implementation with the State Government officials.

These letters were not acknowledged until July, 1979. The Development Commissioner, Government of Karnataka informed vide his letter No. DO:AAH:219 AMS 79 dated 4/6-7-1979 the possibility of including one District on pilot basis and expressed his desire to discuss the modalities of implementing this project. A team of officers from Karnataka visited NDDDB, in October 1979. The Karnataka team preferred a government corporation rather than a cooperative federation to implement the project.

The Government of Karnataka did not communicate its views regarding the implementation of the scheme until May, 1980 when Chairman, NDDDB met the, then, Chief Secretary to the Government of Karnataka. The matter was then further followed up with the State Government.

It was observed that the Government of Karnataka was unwilling to implement the project on cooperative lines. In view of the time-bound nature of the NDDDB Vegetable Oil Project and reluctance on the part of the Government of Karnataka, NDDDB, in consultation with the Government of India in December 1980 (Chairman, NDDDB's letter dated 26-11-1980 to the, then, Additional Commissioner (Oilseeds), Government of India and the Ministry's reply dated 17th December, 1980) finally decided to drop Karnataka from the project, and include Orissa instead. This decision was conveyed to the Government of Karnataka by NDDDB, vide letter dated December 31, 1980.

In May 1981, the, then, Chief Secretary, Government of Karnataka, wrote to Chairman, NDDDB, conveying the government's own proposal to set up a Vegetable Oil and Oilseed Project. Chairman, NDDDB, informed that in the event of the formation of an apex cooperative body and subject to the availability of funds, NDDDB would extend all possible help.

The request for re-inclusion of Karnataka in NDDDB's Vegetable Oil Project came up again, when the, then, Development Commissioner, Government of Karnataka, visited NDDDB in September, 1981.

On November 3, 1982, the, then, Chief Minister of Karnataka wrote to the Minister for Agriculture, Government of India to reconsider the inclusion of Karnataka under the NDDDB's Vegetable Oil Project. This letter was forwarded to NDDDB by the Agriculture Commissioner, Government of India, vide his D.O. letter No. CPS.

28011(10)/80-CUI, dated 16th November, 1982, for NDDB's views/comments. Chairman, NDDB informed that NDDB would have no objection to the reinclusion of Karnataka, should the Government of India so desire, in which case, either the project in Andhra Pradesh and/or Maharashtra will need to be dropped or the expenditure reduced.

In response to Chairman, NDDB's letter the Union Minister for Agriculture wrote (letter No. 28011(10)/80-CUI dated 16-12-1982) to the, then, Chief Minister of Karnataka, conveying the Government of India's approval on the reinclusion of Karnataka in the NDDB's Vegetable Oil Project, and instructed the concerned departments to get in touch with NDDB for completion of facilities and an expeditious initiation of the project implementation. A copy of this letter was also forwarded to NDDB by the Agriculture Commissioner, Government of India vide his D.O. letter No. 28011(10)80-CUI dated 20-12-1982 for information and necessary action.

On March 14, 1983 the Additional Chief Secretary, Government of Karnataka, met Chairman, NDDB in Anand and discussed various actions required to be taken by the Government of Karnataka to implement the project. Subsequently, detailed letters were sent to Secretary (Agriculture), Government of Karnataka, intimating the actions to be taken by the State Government in this regard. This was further followed by a meeting taken by the Development Commissioner, Government of Karnataka on 8th July, 1983, wherein it was decided that the model bye-laws of the Oilseeds Growers' Federation and the Primary Societies would be approved by the first week of August 1983.

The Government of Karnataka had requested NDDB for the preparation of the project report to be finalised by 31st December, 1983.

In the meeting it was reported that a Project Cell has been set up in the Agriculture Department of Karnataka, to initiate actions on NDDB's Vegetable Oil Project. It was also proposed that a Project Officer be appointed to head this cell, who could act as the contact person. NDDB would deploy one or two of its officers to assist the Project Cell in organising by the end of August 1983 a minimum number of eleven primary societies required for the registration of the Federation and the Cooperative Department, Government of Karnataka, would register these societies by the end of September, 1983 to enable initiation of actions on registering the federation by October 1, 1983.

The project was earlier handled by the Cooperation Department where the progress was not as desired. After constant persuasion, the Government of Karnataka transferred it to the Agriculture Department in September, 1983 when the various steps to be taken to implement the project were further discussed.

Nevertheless, the State Government was advised to go ahead with the registration of primary oilseed societies and two jeeps were provided for the purpose. A NDDB team deputed to the state helped to organise some 29 primary oilseed growers' cooperative societies with the help of the State Agriculture Department officials.

The State Government wanted to finalise the project report before the registration of the State Cooperative Oilseeds Growers' Federation and this team from NDDB visited Karnataka in September, 1983 to collect the necessary data. In January, 1984, NDDB sent the broad outlines of the Karnataka Project Report for discussion. This report has since been discussed by the State Government officers and accepted in principle. The detailed project report will be shortly sent by NDDB.

The project implementation in Karnataka, thus, got delayed because of the initial unwillingness of the Karnataka Government and was consequently dropped and even on its re-inclusion in the Project in December, 1982, and continued discussions and meetings with the officials of the Government of Karnataka, the State level cooperative oilseeds growers' federation has not been registered so far and so is the finalisation of bye-laws for the primary oilseeds growers' cooperative society level.

PROJECT PROGRESS JUNE '79 TO FEBRUARY '84

